

AFSA PERIMETER GUIDANCE (PERG)

Approval Date: 10 September 2023

Commencement Date: 11 September 2023

Astana, Kazakhstan



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PERIMETER GUIDANCE ON THE REQUIREMENTS FOR AUTHORISATION IN THE AIFC

1 INTRODUCTION

1.1. Application

This Perimeter Guidance (PERG) applies to:

- (a) a Person who is considering carrying on activities in the AIFC which may fall within the scope of the AIFC Financial Services Framework Regulations (FSFR) and is seeking guidance on whether the Person needs to become an Authorised Person or an Ancillary Service Provider;
- (b) a Person who seeks to become an Authorised Person or an Ancillary Service Provider under the FSFR and who is, or is considering, applying for authorisation to carry on regulated activities in the AIFC;
- (c) a Person who is seeking guidance on whether any communication the Person may be seeking to make or cause to be made will be a Financial Promotion and be subject to the restriction in section 27 of the FSFR (Prohibition relating to Financial Promotions); and
- (d) Persons generally.

1.2. Purpose

The purpose of PERG is to give guidance about the circumstances in which authorisation to perform the activities that are regulated under the FSFR is required, including applicability of any available exemptions or exclusions.

Activities that might be exempt include such Regulated Activities, Market Activities or Ancillary Services that are exempt from the General Prohibition set by section 24 of the FSFR. See below sections 2.1.4. and 2.1.5. of PERG where you can find examples of such exempt or excluded activities.

Activities that might be excluded include such activities that are not carried out “by way of business”, as described in Rule 1.1.9 of the AIFC General Rules (GEN) and are not regulated under the FSFR. See below section 2.1.1. of PERG where you can see explanation of “by way of business”.

1.3. Overview

The key and governing act under the Financial Services Framework is the FSFR adopted by the AFSA, which provide a legal basis for the regulation and supervision of financial services. Under this AIFC Act (the term AIFC Act refers to an act adopted by the AIFC Body) Persons are permitted by the AFSA to carry on various financial activities in the AIFC, which are subject to regulation (referred to as Regulated Activities, Market Activities or Ancillary Services).

For reference: AIFC Bodies are the AIFC Management Council, the Governor of the AIFC, the AIFC Authority, the Astana Financial Services Authority, the AIFC Court and the International Arbitration Centre (Article 9 of the Constitutional Statute on the AIFC).

The “regulatory perimeter” for the AIFC financial services regulation is set out in the FSFR and contains two key prohibitions underlying that perimeter:

- (1) the General Prohibition, which prohibits Persons from carrying on a Regulated Activity, Market Activity or Ancillary Service unless it is authorised to do so by the AFSA or is exempt; and
- (2) the Financial Promotion prohibition, which prohibits unauthorised Persons from communicating promotion of Investments or any Regulated Activity.

Regulated Activities, Market Activities and Ancillary Services are specified in GEN: for example, Accepting Deposits, Managing Investments, Effecting Contracts of Insurance, Dealing in Investments as Agent; Providing Legal Services, Providing Audit Services; Operating and Exchange, Operating a Clearing House, etc. (see Chapter 2 of PERG (Authorisation (Getting Regulated))).



In addition to the regulatory perimeter the AIFC legal framework also has a currency perimeter, which sets parameters for AIFC Participants offering services to the residents of the Republic of Kazakhstan through the services of Kazakhstan’s commercial banks (second tier banks) or AIFC Banks. The currency perimeter is regulated by the AIFC Rules on Currency Regulation and Provision of Information on Currency Transactions in the AIFC (AIFC Rules on Currency Regulation). Currently AIFC Rules on Currency Regulation are undergoing through second round amendments review, which once finalised will be reflected in the updated version of PERG.

The FSFR, and the secondary legislation made under the FSFR (e.g., Rules), are complex. Although PERG gives guidance about Regulated Activities, Market Activities, or Ancillary Services and Financial Promotions, it does not aim to, nor can it, be exhaustive.

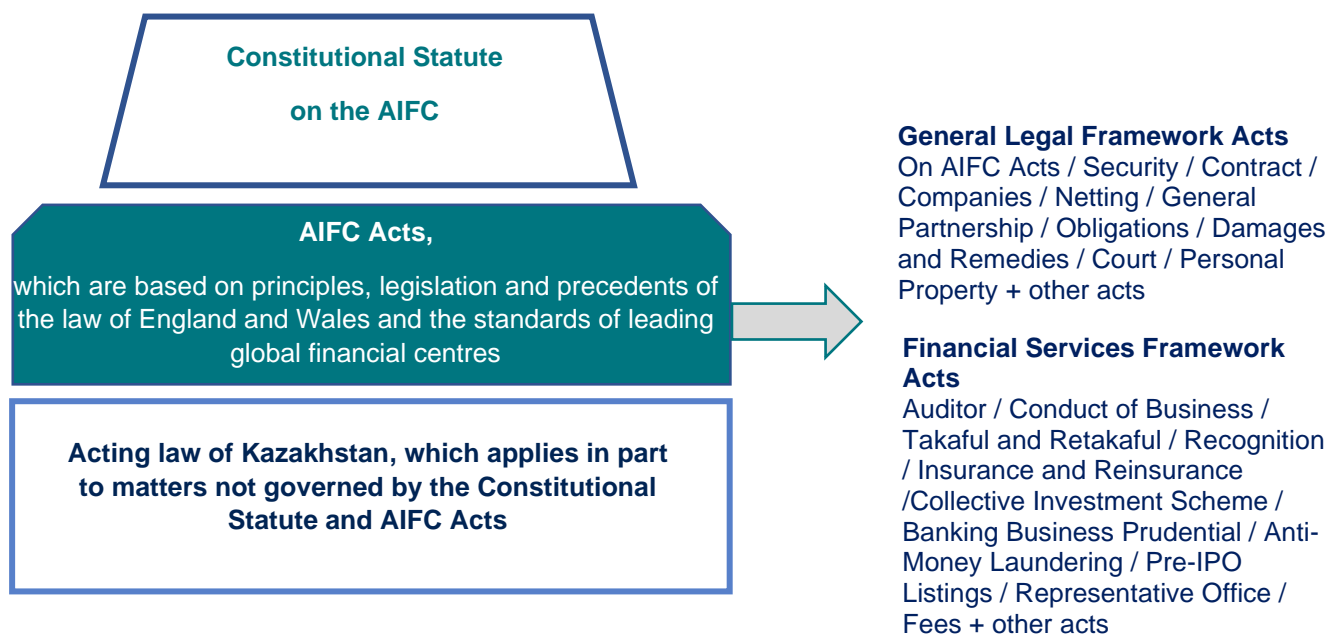
References have been made to relevant provisions in the FSFR and secondary legislation. However, since reproducing an entire statutory provision would sometimes require a lengthy quotation, or considerable further explanation, many provisions of the FSFR, or secondary legislation made under the FSFR, are cross-referred.

For the precise details of the legislation, readers of PERG should, therefore, refer to the FSFR and the secondary legislation itself, as well as PERG.

1.4. Acting Law of the AIFC

The Acting Law of the AIFC is based on the Constitution of the Republic of Kazakhstan and consists of:

- (1) the Constitutional Statute on the AIFC (Constitutional Statute);
- (2) the AIFC Acts; and
- (3) the Acting Law of the Republic of Kazakhstan, which applies in part to matters not governed by the Constitutional Statute and AIFC Acts.



Constitutional Statute on the AIFC applies at all times.

Kazakhstan legislation applies as part of the Acting Law of the AIFC whenever the AIFC Acts do not displace that Kazakhstan legislation. Kazakhstan law does not apply at all in the AIFC if there has been a valid process of creation of law by an AIFC Act to displace the general law.



E.g., as part of the Acting law of Kazakhstan, criminal law and criminal procedure always apply in the AIFC. Another example would be the Republic's tax law, though the Constitutional Statute makes provision for a beneficial tax exemptions for some activities in the AIFC. A third would be the law relating to activities in the AIFC territory which are not regulated by the AFSA: hotels, restaurants, sports etc. where the AIFC Acts are not applied, and thus the general law of Kazakhstan applies in full.

Examples of cases, where the AIFC Acts disapply the general law of Kazakhstan are Kazakhstan law on companies and other forms of a legal entity.

A boundary between application of the AIFC Acts and the legislation of Kazakhstan is prescribed further in the AIFC Acts. This is achieved under the AIFC Regulations on AIFC Acts, section 40:

40. Application

(1) Because, by virtue of article 4 of the Constitutional Statute, AIFC legislation is able to apply in the AIFC despite any Acting Law of Kazakhstan on civil or commercial matters, the rights and liabilities between Persons in any civil or commercial matter are to be decided according to the relevant law for the time being in force in the Jurisdiction chosen in accordance with subsection (2).

(2) The Jurisdiction chosen is to be the Jurisdiction first ascertained under the following paragraphs:

(a) so far as there is a regulatory content, the AIFC Acts or any other law in force in the AIFC; failing which,

(b) the law of any Jurisdiction other than the AIFC expressly applying under any AIFC Act; failing which,

(c) the laws of a Jurisdiction as agreed between all the relevant Persons concerned in the matter; failing which,

(d) the laws of any Jurisdiction that appears to the Court or Arbitrator to be the Jurisdiction most closely related to the facts of and the Persons concerned in the matter; failing which,

(e) the Acting Law of Kazakhstan.

Considering this structure of regulation, it is critical to recognise that the Constitutional Statute sets out the areas of economic activity which are considered as a priority to the AIFC. This include under Article 2.2 (2), (3), and (4) of the Constitutional Statute: 2) developing a securities market in the Republic of Kazakhstan and integrating it with international capital markets; 3) developing insurance markets, banking services, Islamic finance, financial technologies, digital assets, electronic commerce and innovative projects in the Republic of Kazakhstan; 4) developing financial and professional services based on international best practice.

1.5. Status

PERG has been prepared for information purposes and does not constitute an exhaustive list of requirements that might be applicable to the firm's business operations or to individuals, since the application of the PERG depends on the nature, scale and complexity of the business.

PERG is a Regulatory Material (for example, guidance, modifications, rules, policy statements), adopted by the AFSA under an AIFC Act. In cases when the FSFR and the secondary legislation say otherwise they will override PERG.

PERG stands at the guidance level in the Financial Services Framework Acts:

Financial Services Framework Regulations (FSFR)





Rules



Guidance – PERG

1.6. Updating PERG

PERG will be amended from time to time in the light of changing circumstances, developing business practices, or case law with the actual version published on the website of the AFSA. The newer version will be identified by the date in the cover page of the document.

1.7. Defined terms

The terms with initial capital letters (other than proper nouns) have the meaning as defined in the AIFC Glossary.

GEN uses the terms Authorised Firm, Authorised Market Institution, Authorised Person, and Ancillary Service Provider.

Authorised Firm is a Centre Participant which has been licensed by the AFSA to carry on one or more Regulated Activities.

Authorised Market Institution is a Centre Participant which has been licensed by the AFSA to carry on one or more Market Activities.

Authorised Person is either an Authorised Firm or an Authorised Market Institution.

Ancillary Service Provider is a Centre Participant which has been licensed by the AFSA to carry on one or more Ancillary Services.

1.8. List of general guidance to be found in PERG

Chapter:	Applicable to:	About
2 AUTHORISATION (GETTING REGULATED)	<p>an unauthorised Person wishing to find out whether it needs to be authorised or is exempt or excluded to perform certain activities in or from the AIFC</p> <p>an authorised Person wishing to know whether it needs to vary the scope of its Licence</p>	<p>the regulatory scope of the FSFR</p> <p>the Regulated Activities, Market Activities, Ancillary Services, FinTech Lab Activities in GEN</p> <p>the exemptions and exclusions available for Regulated Activities, Market Activities, Ancillary Services, FinTech Lab Activities</p>
3 FINANCIAL PROMOTION AND COMMUNICATION	<p>any Person who needs to know whether its communications are Financial Promotions subject to the restriction in section 27 of the FSFR</p> <p>or</p>	<p>Examples of Financial Promotions, Exempt Financial Promotions and general requirements for communications</p>



	whether its activities in making or helping others to make Financial Promotions are Regulated Activities	
4 CURRENCY REGULATION	a Person who needs to know whether a particular transaction is subject to the AIFC Rules on Currency Regulation	the scope of the AIFC Rules on Currency Regulation
5 UNREGULATED ACTIVITIES	any Person	the AFSA's approach to unregulated activities
6 MISCELLANNEOUS	any Person	miscellaneous provisions



2 AUTHORISATION (GETTING REGULATED)

2.1. General requirements for becoming regulated

Under section 24 of the FSFR (the General Prohibition), a Centre Participant must not carry on a Regulated Activity, Market Activity or Ancillary Service unless it is licensed to do so by the AFSA.

In order for firms to establish whether their proposed business requires authorisation to carry on Regulated Activities, Market Activities or Ancillary Services they need to refer to Rules 1.1.1., 1.2. and 1.3.1. of GEN.

The applicants will be assessed against the following criteria:

- (a) business model: a Person will need to satisfy the AFSA that its business model is suitable for the activities that it wishes to undertake;
- (b) effective supervision: a Person must demonstrate that it is capable of being effectively supervised by the AFSA with respect to other entities in its Group or related persons on whom it may rely upon for certain functions;
- (c) location of operations: a Person’s arrangements will be assessed to qualify for criteria set in section 6 of the FSFR (Meaning of “in the AIFC”) to be considered as carrying on activities in or from the AIFC;
- (d) adequate and appropriate financial and non-financial resources: a Person must have suitable people, financial resources and systems to be able to undertake activities;
- (e) fitness and propriety: a Person will be assessed for fitness and propriety of the members of its Governing Body, Shareholders (Controllers), Connected Persons, and Approved Individuals; and
- (f) compliance: the Person will be assessed for adequate regulatory compliance arrangements.

Any Person who is concerned that its proposed activities may require authorisation will need to consider the following questions:

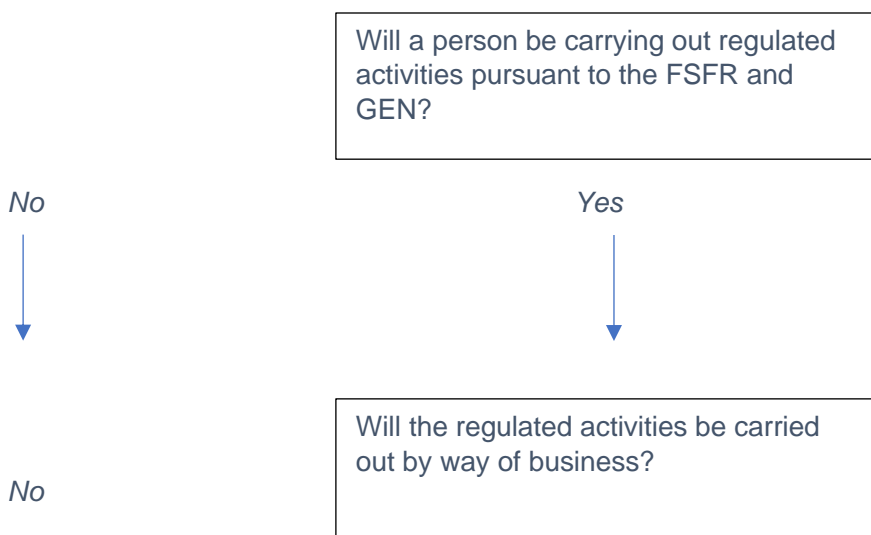
- (a) Will I be carrying on my activities by way of business (applicable only to Regulated Activities)?
- (b) Will my activities be, or include, Regulated Activities, Market Activities or Ancillary Services?
- (c) If so, will I be carrying them on in the AIFC?
- (d) Whether my activities will or may be excluded or will or may I be exempt?
- (e) If not, will my activities be outside the scope of regulation by the AFSA?

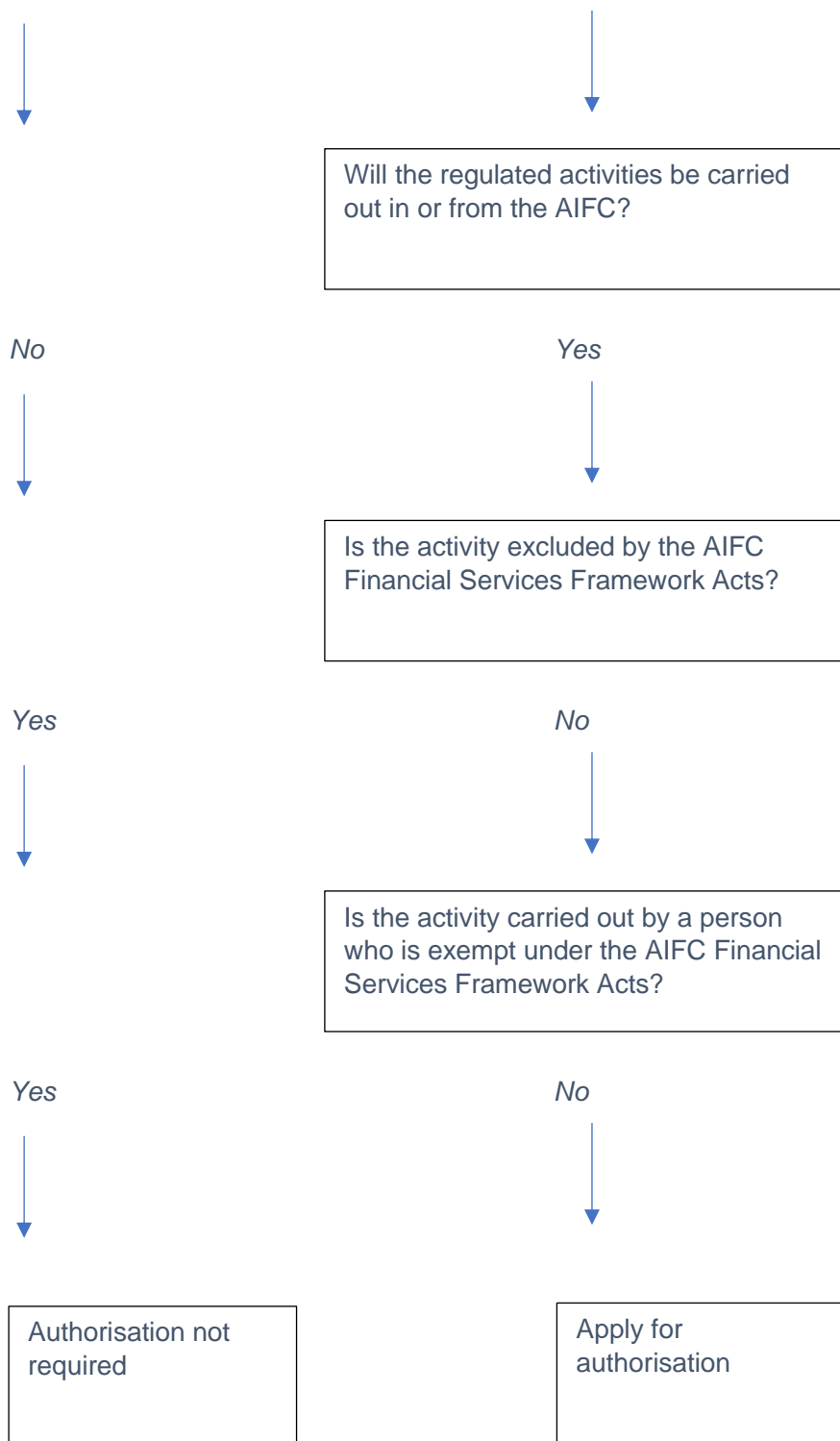
A Person may also apply to the AFSA for variation of the Licence.

Chapters 2, 3 and 5 of PERG provide high-level guidance on the above questions.

Chapter 4 explains currency perimeter related to offering services by the AIFC Participants to residents of the Republic of Kazakhstan.

Regulated activities flowchart





2.1.1. Carrying activities by way of business

Rule 1.1.9 of GEN gives a description of what is understood as being carried on “by way of business”. Three criteria listed there do not contain the closed list of activities, and therefore whether an activity is carried by way of business or not is ultimately a question of judgment that may take into account several additional factors:

- (a) the degree of continuity;



- (b) the existence of a commercial element, for example is there direct or indirect financial benefit expected, which is not limited to profit;
- (c) the scale of the activity;
- (d) the proportion which the activity bears to other activities carried on by the same Person but which are not regulated;
- (e) the nature of the particular activity that is carried on; and
- (f) the existence of customers/clients.

If a Person can establish that the activities it is carrying on is not by way of business, and there are no applicable exclusions or exemptions, it follows that its activities do not require authorisation. (Note that for Market Activities and Ancillary Services being included into the list of activities in GEN is a sufficient provision for requiring authorisation).

Further, if the activities are not undertaken by way of business, the AIFC Conduct of Business Rules (COB) will not be applicable, as those rules only apply to an Authorised Firm with respect to any Regulated Activity carried on by an Authorised Firm operating in the AIFC. (Note certain exceptions with regard to client classification, client communication and financial promotions, complaint handling and dispute resolution. See COB 1.2.2. for more details).

With regard to an individual, who works for a Person, the General Prohibition will not be applied on the ground that the individual is not carrying on its business in a personal capacity if the individual is working under an employment agreement or services agreement (contract of service, contract for service).

2.1.2. Regulated Activities, Market Activities or Ancillary Services

The list of Regulated Activities, Market Activities and Ancillary Services is available in GEN, respectively in Schedules 1, 4 and 2: <https://afsa.orderly.kz/articles/general-rules>.

The process of applying for authorisation is available on the AFSA website: <https://afsa.aifc.kz/authorisation-process/>.

The AFSA may arrange pre-application meetings to provide general information about the authorisation process and applicable requirements.

Arranging a pre-application meeting with a prospective applicant for Regulated or Market Activities is a general recommendation, rather than an option. Forms of pre-application meetings may vary occasionally and be interchanged with a conference call in case of impossibility to arrange a meeting. However, the purpose of such meetings is to provide a prospective applicant with an overview of regulations, information about the application process and requirements, rather than to perform preliminary assessment of the application, which is a part of the authorisation process.

Pre-application meetings with the AIFC Authority and the AFSA are an important starting point in respect of any application to obtain a licence where a holistic description of the project, the proposed nature of the financial services and expansion plans are discussed. The outcome of such meetings is to provide general information, rather than perform the initial review. A prospective applicant for Regulated and Market Activities may seek advice from legal and other professional advisers in relation to any application for licencing and relevant laws, regulations and rules that may apply. While an advisor is welcomed at the pre-application meeting, the AFSA officials expect a firm's shareholder or prospective management to speak on the firm's behalf.

Before selecting a name of the firm, the applicant needs to check sensitive business names. Pursuant to the AIFC Companies Regulations a firm must not use a name that, because of any fact, matter or circumstance, is, or is reasonably likely to become, misleading, deceptive or conflicting with another name (including an existing name of another Company or Recognised Company). The firm must not use the name indicating it is related to providing regulated financial services without being properly authorised to do so, for example, "Fund Management", "Investment Management", etc.

In order to register a firm providing regulated financial services the applicant needs to ensure that it has the required amount of regulatory capital, which will be different based on the requirements for each category or type of firm (see the relevant AIFC Prudential Rules). It is recommended that the applicant's initial capital exceeds the required base capital, where additional risk and operational capital are



considered. The firm must have and maintain at all times Capital Resources and Liquid Assets in accordance with the relevant prudential rules.

The individuals that will be performing senior management roles such as Approved and Designated Individuals need to undergo the Fit and Proper test (see the Regulatory Guidance on Fitness and Propriety and the Guidance on Competence Assessment).

2.1.3. Carrying on activities in or from the AIFC

Carrying on activities in the AIFC shall be dealt with in relation to activities in the territory of the Centre, and concerning the persons who can “use” the Centre. The heading of Article 3 of the Constitutional Statute mentions both of these, as the heading is “AIFC Participants and activities conducted in the territory of the AIFC”.

As to activities in the territory, Article 3(1) of the Constitutional Statute precludes “activities that may be conducted in the AIFC”. Thus, it enables AIFC Bodies to adopt AIFC Acts which define the permissible activities to be conducted inside the Centre. As to the people who can use the Centre, the focus switches to Article 4 of the Constitutional Statute. It empowers, at Article 4(3), AIFC Bodies, to “regulate relationships” between various persons. By “relationships” the Constitutional Statute means, e.g., the relationship between an authorised Centre Participant and the AFSA. It imposes limits on these powers of the AIFC Bodies, by defining the “relationships” concerned. The main relationships are defined those as (a) between AIFC Participants, (b) between AIFC Bodies, and (c) between persons in (a) and (b). Employees of either persons are also included.

The words “in or from the AIFC” need to be considered as legal and regulatory construct, not solely geographical. It can be linked to the 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 geographical boundary of the AIFC.

Going further, section 6 of the FSFR envisages the circumstances when activities are deemed to be carried on “in or from the AIFC” for the purposes of the FSFR, thereby ensuring that the conduct falls within the remit of regulation by the AFSA:

6. Meaning “in the AIFC”

(1) A Person will be deemed to be carrying on activities in the AIFC for the purposes of these Regulations if:

(a) that Person is a Centre Participant and the day-to-day management of those activities (even if those activities are undertaken in whole or in part from outside the AIFC) is the responsibility of the Centre Participant in its capacity as such; or

(b) that Person’s head office is outside the AIFC, but the activity is carried on from a branch maintained by it in the AIFC; or

(c) the activities are conducted in circumstances that are deemed to amount to activities carried on in the AIFC under Rules made by the AFSA.

(2) The AFSA may issue Rules and guidance as to the circumstances in which activities capable of having an effect in the AIFC are or are not to be regarded as conducted in the AIFC.

Subsection 1(a) refers to an AIFC Participant carrying out activities for which it has either been registered or recognised and for which it is responsible for managing on a daily basis. The part “even if those activities are undertaken in whole or in part from outside the AIFC” clearly envisages that the activities being carried on will still fall “in” the AIFC for the purposes of this particular regulation even if they are carried on with persons outside the geographical limits of the AIFC.

Where subsection 1(b) applies, care needs to be taken not to read the word “in” in its geographical sense alone. Although the word “branch” clearly connotes a physical presence, it needs both to be physically within the area of the AIFC and “in” also, by way of recognition. This means that if a firm is recognised by the AFSA to operate as a Branch Office in the AIFC, any regulated activities that the firm carries on through that branch will fall “in or from the AIFC”.



It is worth noting, of course, that if a firm has been successful in obtaining recognition through a Branch Office, this will be because the “Head Office” is governed by a system of financial regulation which is of sufficient quality and rigour to be recognised by the AFSA. The “Head Office” will not be able to use its branch’s AFSA authorisation other than through its Branch Office in the AIFC.

Finally, subsection 1(c) is aimed at enabling the AFSA to protect the integrity of the AIFC. It is a method by which the AFSA can bring potentially marginal activities by an AIFC Participant within the AIFC and therefore within its powers of regulation and enforcement. The AFSA, upon careful analysis of the activity proposed to be carried out and in accordance with the Rules and associated guidance, may “deem” that activity to fall within the AIFC and can thereafter take steps to regulate, prevent or curtail those activities.

For completeness, where activities are carried out in or from the AIFC which contravene the criminal laws of Kazakhstan, then the perpetrator of those activities will be subject to the criminal justice system of the Republic of Kazakhstan. Such a perpetrator may also face civil sanction within the AIFC arising from the same activities.

For reference: Requirements for having a registered office in the AIFC can be found in section 24 of the AIFC Companies Regulations.

In practice the AFSA may require some representatives of the management (CEO, compliance function, Directors) to be located in the AIFC.

Branches

When an entity desires to perform activities through a Branch Office, the threshold conditions, which are the minimum conditions for authorisation, apply to the international company as a whole and not just the AIFC branch, since a Branch Office is not a separate legal entity in its own right but an extension of a company incorporated outside of the AIFC. The AFSA requires companies to have an appropriate amount of liquidity and its quality, to have appropriate resources to monitor, measure, and manage the risks to which it is or may be exposed, to be fit and proper, to conduct their business prudently and to be capable of being effectively supervised by the AFSA.

For more details on the AFSA considerations for branch supervision of banks, insurers and investment companies see Supervisory Policy Statement on the AFSA’s approach to Branch supervision.

Representative Offices

When an entity desires to perform activities through a Representative Office, it shall not undertake a Regulated Activity outside the scope of its Licence.

The Scope of a Representative Office's Licence may include:

- (a) marketing activities of services or products;
- (b) activities that increase the profile, in the AIFC, of the Representative Office's head office;
- (c) activities that relate to correspondence with or the provision of information from the Representative Office's head office;
- (d) activities that relate to the provision of information to the Representative Office's head office relating to business trends, business opportunities and developments in the AIFC markets; and
- (e) any other activities that the AFSA determine may be suitable for a Representative Office to conduct.

For more details on description of activities see AIFC Representative Office Rules.

Substantial presence requirements for tax exemption purposes

For more details on substantial presence of the AIFC Participants applying tax exemptions see AIFC Rules on the Substantial Presence of the Astana International Financial Centre Participants Applying Tax Exemptions for the Payment of Corporate Income Tax, Value Added Tax (SPR).

The AFSA is in the process of drafting Guidance on the SPR, which is supposed to be adopted in Q3 2023 and will provide more detailed information on applying the SPR.

The SPR have been adopted for the purposes of implementation of the OECD Base Erosion and Profit Shifting (BEPS) Action 5 and should be considered in addition to the “in the AIFC” requirement.



In general, under the SPR it is required to have adequate members of staff in the AIFC.

2.1.4. Exempt Activities

The FSFR envisages that certain AIFC Participants or categories of AIFC Participants may be exempted by an order or Rules from the General Prohibition in respect of Regulated Activities, or requirements of the criteria for granting of a Licence to carry on Regulated Activities.

Such exemptions are limited to certain Regulated Activities or specified circumstances, or subject to certain conditions and restrictions.

References to exemptions relate to Persons who are exempt from the need to apply for authorisation to carry on Regulated Activities, which means they can carry on Regulated Activities without breaching the General Prohibition.

Similar exemptions in the AIFC legal framework are also available to Authorised Market Institutions, who still need to be authorised to perform Market Activity but may be exempt from the General Prohibition in respect of any connected Regulated Activity.

Pursuant to section 39(1) of the FSFR an Authorised Investment Exchange is exempt from the General Prohibition in respect of any Regulated Activity:

- (a) which is carried on as a part of the Authorised Investment Exchange's business as an investment exchange; or
- (b) which is carried on for the purposes of, or in connection with, the provision by the Authorised Investment Exchange of services designed to facilitate the provision of clearing services by another Person.

Pursuant to section 39(2) of the FSFR an Authorised Clearing House is exempt from the General Prohibition in respect of any Regulated Activity:

- (a) which is carried on for the purposes of, or in connection with, the provision of clearing services by the Authorised Clearing House; or
- (b) which is carried on for the purposes of, or in connection with, the provision by the Authorised Clearing House of services designed to facilitate the provision of clearing services by another Person.

Pursuant to section 39(3) of the FSFR and subject to Rule 7.2 of the AIFC Authorised Market Institution Rules, an Authorised Crowdfunding Platform is exempt from the General Prohibition in respect of any Regulated Activity which is carried on as a part of the Authorised Crowdfunding Platform's business as a private crowdfunding platform.

2.1.5. Excluded Activities

References to exclusions relate to activities which, if applicable, would mean that the activity in question would not be considered as carrying on a Regulated Activity in breach of the General Prohibition.

Statutory exclusions, which, if complied with, may turn Regulated Activities into unregulated activities, may apply to specified activities generally, and to several specified kinds of activity.

GEN contains the list of exclusions in respect of several activities:

No.	Name	Reference to exclusion
1	Dealing in Investments as Principal	GEN 1.1.10
2	Acting as nominee	GEN 1.1.11
3	Acting with or for Group companies	GEN 1.1.12
4	Non-financial business	GEN 1.1.13



5	Dealing in commodity derivatives	GEN 1.1.14
6	Acquisition or disposal of a Body Corporate	GEN 1.1.15
7	Acting as a trustee	GEN 1.1.16
8	Single Family Offices	GEN 1.1.17

PERG will provide additional available exclusions where applicable throughout the text below.

2.1.6. Recognition regime

AIFC legal framework also envisages a recognition regime, which foresees entities established in foreign regulatory regimes where they may become members of an AMI in the AIFC on the basis that they are considered to be subject to a broadly equivalent level of regulation to those AMI members licensed by the AFSA to perform similar activities in or from the AIFC.

Non-AIFC Market Institutions

Recognition requirements for Recognised Non-AIFC Investment Exchanges and Recognised Non-AIFC Clearing Houses are listed in section 89(3) of the FSFR:

- (a) investors are afforded protection equivalent to that which they would be afforded if the body concerned were required to comply with the relevant requirements for the licensing of an Authorised Market Institution;
- (b) there are adequate procedures for dealing with a Person who is unable, or likely to become unable, to meet its obligations in respect of one or more Market Contracts connected with the investment exchange or clearing house;
- (c) the applicant is able to co-operate with the AFSA by sharing information and in other ways;
- (d) adequate arrangements exist for co-operation between the AFSA and those responsible for the supervision of the applicant in the country or territory in which the applicant or the applicant's head office is situated.

Non-AIFC Members

Recognition requirements for Recognised Non-AIFC Members are listed in section 91(3) of the FSFR:

- (a) the applicant is licensed or otherwise authorised to trade on or use the facilities of an exchange or clearing house in a jurisdiction acceptable to the AFSA;
- (b) the applicant is regulated in respect of trading in such jurisdiction by a regulator to a standard satisfactory to the AFSA;
- (c) the law and practice under which the applicant is licensed or otherwise authorised is broadly equivalent to the AFSA's regulatory regime as it applies to a Member;
- (d) when using the facilities of an Authorised Investment Exchange or Authorised Clearing House, the applicant does not exceed the scope of the activities it is authorised to carry on by those responsible for the supervision of the applicant in the country or territory in which the applicant's head office is situated;
- (e) the applicant has agreed to cooperate with the AFSA and subject itself to such parts of the legal and regulatory framework administered by the AFSA as the AFSA may require.

For more details on recognition and supervision of recognised entities see AIFC Recognition Rules.

AFSA may publish notices on equivalent regulated exchanges from time to time.

2.1.7. Carrying activities without authorisation

For carrying on activities without authorisation all possible exemptions and exclusions must be reviewed.

2.1.8. Offering services to residents and non-residents of the Republic of Kazakhstan

Offering services to residents of Kazakhstan



The Acting Law of the AIFC may contain specific limitations for offering financial and professional services to residents and non-residents of the Republic of Kazakhstan.

When an AIFC Participant decides to offer financial and professional services to residents of the Republic of Kazakhstan that are not AIFC participants it needs to be aware of potential currency regulation implications.

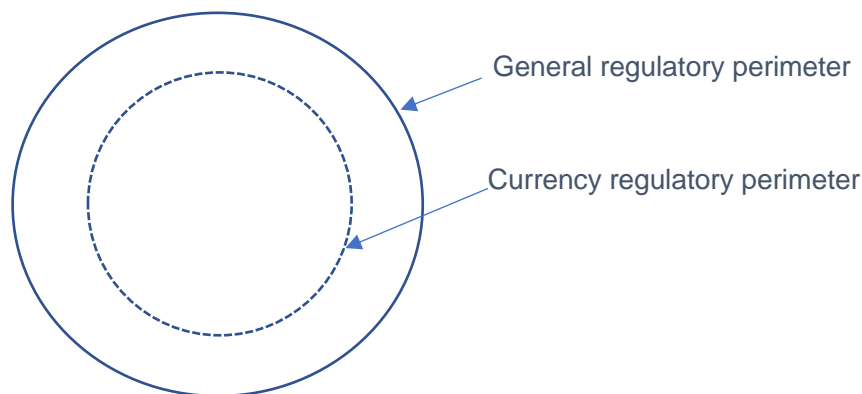
The AIFC Rules on Currency Regulation use the definitions such as “financial services”, “related services” and “professional services”. GEN does not have the same differentiation. In fact, those definitions are used due to the wording provided in the Constitutional Statute and in the jurisdiction of the Republic of Kazakhstan. One could review them under GEN context in the following way:

AIFC Rules on Currency Regulation	GEN
Financial services	Regulated Activity/Market Activity
Related services	
Professional services	Ancillary Services

However, this should not be a straightforward approach, and each activity needs to be considered separately. The context of the AIFC Rules on Currency Regulation may set a different understanding of the name of the allowed service.

When an AIFC Participant decides to offer services to the residents of Kazakhstan that are not AIFC Participants, he may do this only in accordance with Schedule 2 or Schedule 3 of the AIFC Rules on Currency Regulation:

- Schedule 2 contains the list of permitted services and the type of allowed currency.
- Schedule 3 contains the list of professional services that can be provided in any currency.



Sections 2.2., 2.3., 2.4. and 2.5. of PERG below contain brief guidance on currency regulatory implications of each activity.

The detailed currency implications of offering services by AIFC Participants to residents that are not AIFC Participants are presented in Chapter 4 of PERG.

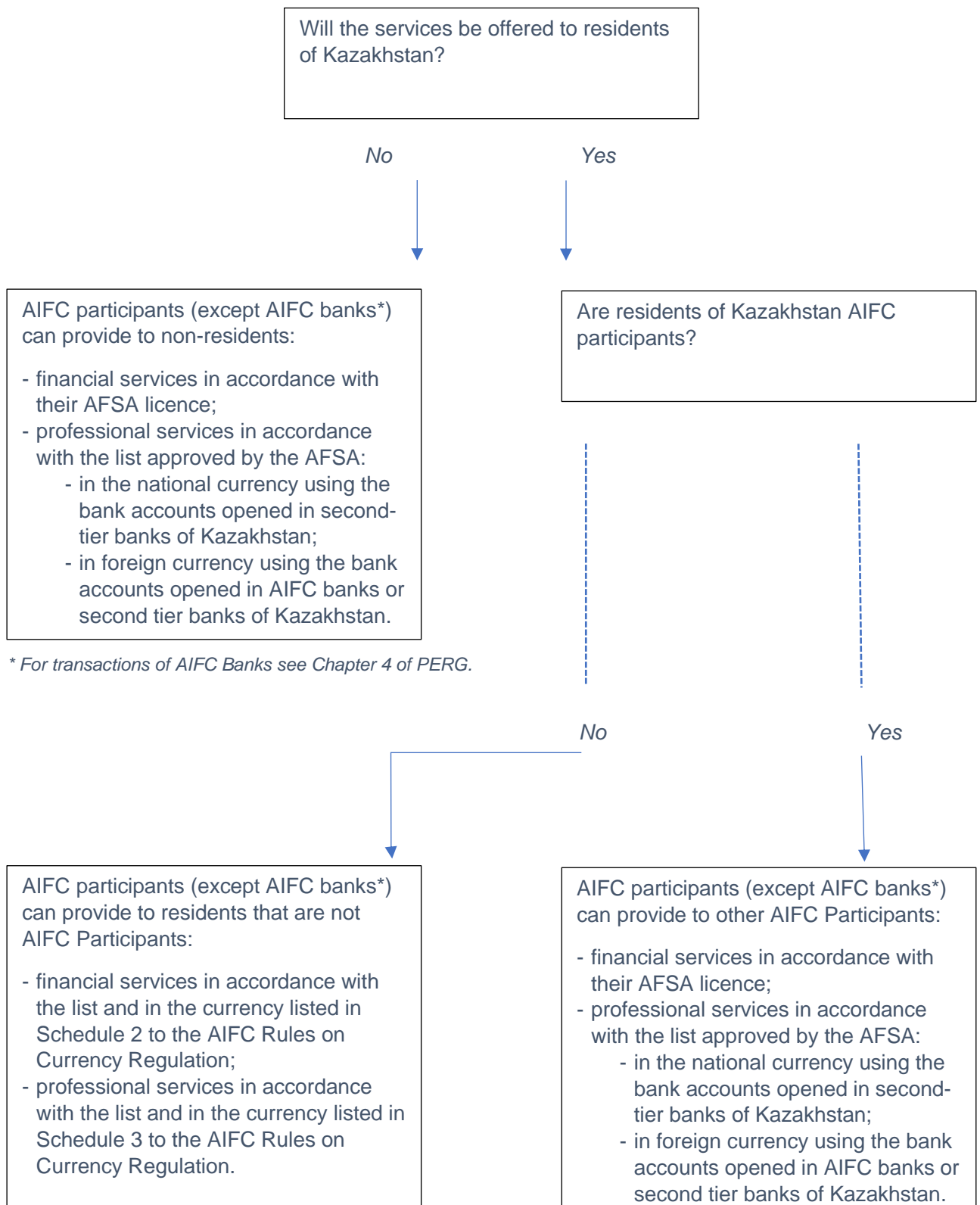
Offering services to non-residents of Kazakhstan

An AIFC Participant may offer services to other AIFC Participants and non-residents of Kazakhstan within the scope of permitted activities under the Licence.

There may be restrictions to perform certain transactions using AIFC banks that are described in more details in Chapter 4 of PERG.



This flowchart briefly describes regulatory consequences of offering services to residents and non-residents of Kazakhstan:



* For transactions of AIFC Banks see Chapter 4 of PERG.

* For transactions of AIFC Banks see Chapter 4 of PERG.

2.1.9. Offering services to Retail and Professional Clients



Firms when performing Regulated Activities must classify persons as:

- (a) a Retail Client;
- (b) a Professional Client; or
- (c) a Market Counterparty.

There are separate requirements to perform client classification. For more details see Chapter 2 of the AIFC Conduct of Business Rules (COB).

2.1.10. Variation of the Licence. Waivers and modifications

The AFSA may vary a Licence based on the application of the Authorised Firm. Terms and conditions of variation depend on the circumstances of each case and are decided individually.

The AFSA also may waive all or any part of its generally adopted requirements as to form and contents either in individual cases or generally, provided it is satisfied in either case that:

- (a) materially similar, up-to-date information is provided in other documentation already issued or completed by the applicant; or
- (b) such information is not necessary in the light of any registration or authorisation of the applicant in another jurisdiction; or
- (c) such information is not considered by the AFSA to be relevant in the context of any particular application.

2.2. Becoming regulated as an Authorised Firm

This part describes general requirements of obtaining Licence to perform Regulated Activities (general regulatory perimeter).

Currency regulatory perimeter is applicable to the provision of services by AIFC participants to the residents of the Republic of Kazakhstan. Thus, whatever a firm is licensed for, it must also operate in accordance with the AIFC Rules on Currency Regulation when dealing with Kazakhstan persons and/or using the services of the Kazakhstan commercial or “second tier” banks for such business.

For currency regulation implications for the Banking Business and Islamic Banking Business in the AIFC see Chapter 4 of PERG.

2.2.1. Dealing in Investments as Principal

2.2.1.1. General description

Dealing in Investments as Principal is listed in section 1 of Schedule 1 of GEN. The activity consists of:

- (a) buying;
- (b) selling;
- (c) subscribing for; or
- (d) underwriting

any Investment as principal.

The definition of Investment in Glossary includes the following: A Security, Unit, Derivative or a Digital Asset and a right or interest in the relevant Security, Unit, Derivative, Digital Asset or Environmental Instrument.

In order to be covered by the description, the principal must hold itself out as willing, as principal, to:

- (a) buy, sell, or subscribe for Investments at prices determined by the principal generally and continuously rather than in respect of each particular transaction;
- (b) engage in the business of buying Investments with a view to selling them;
- (c) engage in the business of underwriting Investments; or
- (d) regularly solicit members of the public with the purpose of inducing them, as principals or agents, to enter into a transaction.



An Authorised Firm authorised to carry on the regulated activity of Dealing in Investments as Principal is subject to prudential supervision and must comply with AIFC Prudential Rules for Investment Firms, as well as AIFC Banking Business Prudential Rules and Banking Prudential Guideline if applicable to a PRU Dealing Investment Firm.

Currency regulation

Currency transactions will be performed via AIFC Banks if processed in only foreign currency, and via second-tier banks in any currency. For more details of transactional implications see Chapter 4 of PERG.

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?											
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:										
	<table border="1"> <tr> <td>Name of allowed activity:</td> <td>Offering dealer services. This activity will also include placement of securities during IPO / SPO at the AIX and foreign stock exchanges.</td> </tr> <tr> <td>Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:</td> <td>1) 3.2.1 in the list of financial services. 2) 3.1.1 in the list of financial services.</td> </tr> <tr> <td>Type of currency:</td> <td>Any currency</td> </tr> <tr> <td>Transaction:</td> <td>Via AIFC Banks: only foreign currency Via second-tier banks: any currency</td> </tr> <tr> <td>Currency reporting:</td> <td>Quarterly (no later than the 10th day of the month following the reporting month) reports on securities to the AFSA in accordance with Annex 3 to Schedule 5. Transactional reporting may also be applicable (see Chapter 4 of PERG for more details).</td> </tr> </table>	Name of allowed activity:	Offering dealer services. This activity will also include placement of securities during IPO / SPO at the AIX and foreign stock exchanges.	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	1) 3.2.1 in the list of financial services. 2) 3.1.1 in the list of financial services.	Type of currency:	Any currency	Transaction:	Via AIFC Banks: only foreign currency Via second-tier banks: any currency	Currency reporting:	Quarterly (no later than the 10th day of the month following the reporting month) reports on securities to the AFSA in accordance with Annex 3 to Schedule 5. Transactional reporting may also be applicable (see Chapter 4 of PERG for more details).
Name of allowed activity:	Offering dealer services. This activity will also include placement of securities during IPO / SPO at the AIX and foreign stock exchanges.										
Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	1) 3.2.1 in the list of financial services. 2) 3.1.1 in the list of financial services.										
Type of currency:	Any currency										
Transaction:	Via AIFC Banks: only foreign currency Via second-tier banks: any currency										
Currency reporting:	Quarterly (no later than the 10th day of the month following the reporting month) reports on securities to the AFSA in accordance with Annex 3 to Schedule 5. Transactional reporting may also be applicable (see Chapter 4 of PERG for more details).										
No:	Subrule 3.3.2 of AIFC Rules on Currency Regulation applies.										

For more details see Chapter 4 of PERG.

2.2.1.2. Exclusions

There are several exclusions for this activity:

- (1) A Person does not Deal in Investments as Principal merely by accepting an instrument, creating or acknowledging indebtedness in respect of any loan, credit, guarantee or other similar financial accommodation which that Person has made or provided.
- (2) When a Person issues or redeems Securities issued by that Person it does not fall into this category as well.
- (3) When a Person (not an Authorised Firm or an Authorised Market Institution) enters into a transaction with or through an Authorised Firm or a Regulated Financial Institution (meaning a Person authorised in other jurisdiction by another Financial Services Regulator).

The exclusion in (3) does not apply if the Person holds itself out as:

- (a) willing to enter into transactions in Investments of the kind to which the transaction relates; or
- (b) engaging in the business of buying, selling, subscribing for or underwriting Investments.



A Person may hold itself out as carrying on an activity by various means including, for example, on its webpage, in an advertisement or through representations made by its employees. However, merely placing orders for a person’s own account with a broker or on a market will not amount to holding out unless it offers to do so on behalf of other persons.

A Person who is an Authorised Firm, does not Deal in Investments as Principal if in the course of managing the assets of a Private Equity Fund:

- (a) the Person makes an initial subscription for Units of that Fund; and
- (b) the Units are held by that Person for a period of more than 12 months.

When a Person Deals in Investments for their own account, this will also be excluded from the scope of the Regulated Activity.

The additional condition for being considered a Regulated Activity is that a Person must hold themselves out as making a market in the relevant specified Investments or as being in the business of Dealing in Investments, or they must regularly solicit members of the public with the purpose of inducing them to deal.

2.2.2. Dealing in Investments as Agent

2.2.2.1. General description

Dealing in Investments as Agent is listed in section 2 of Schedule 1 of GEN. The activity consists of:

- (a) buying;
- (b) selling;
- (c) subscribing for; or
- (d) underwriting

any Investment as agent (i.e. for and on behalf of another person or group).

An Authorised Firm authorised to carry on the regulated activity of Dealing in Investments as Agent is subject to prudential supervision and must comply with AIFC Prudential Rules for Investment Firms, as well as AIFC Banking Business Prudential Rules and Banking Prudential Guideline if applicable to a PRU Dealing Investment Firm.

Currency regulation

Currency transactions will be performed via AIFC Banks if processed in only foreign currency, and via second-tier banks in any currency. For more details of transactional implications see Chapter 4 of PERG.

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?		
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:	
	Name of allowed activity:	Brokerage services: 1) on international markets, at Astana International Exchange with regard to securities issued under Acting Law of the AIFC and foreign law; 2) at Astana International Exchange with regard to Kazakhstani securities. Note: brokerage services regarding Kazakhstani securities are allowed if an AIFC Participant has relevant ARDFM* licence and has access to Astana International Exchange Central Securities Depository.



		* ARDFM – Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market.
	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	3.3 in the list of financial services.
	Type of currency:	Any currency
	Transaction:	Via AIFC Banks: only foreign currency Via second-tier banks: any currency
	Currency reporting:	Quarterly (no later than the 10 (tenth) day of the month following the reporting month) reports on securities to the AFSA in accordance with Annex 3 to Schedule 5. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
No:	Subrule 3.3.2 of AIFC Rules on Currency Regulation applies.	

For more details see Chapter 4 of PERG.

2.2.2.2. Exclusions

A Person does not Deal in Investments as Agent if the activity:

- (a) is carried on in the course of providing legal or accountancy services which do not otherwise consist of the carrying on of financial services;
- (b) may reasonably be regarded as a necessary part of any other services provided in the course of providing legal or accountancy services; and
- (c) is not remunerated separately from the other services.

A Person does not Deal in Investments as Agent if that Person:

- (a) is merely receiving and transmitting a Client order in respect of an Investment; and
- (b) does not execute the Client order for and on behalf of the Client or otherwise commit the Client to the transaction relating to the relevant Investment.

However, this may nevertheless amount to Arranging Deals in Investment.

An exchange does not Deal in Investments as Agent merely by taking action in accordance with its Default Rules.

2.2.3. Managing Investments

2.2.3.1. General description

Managing Investments is listed in section 3 of Schedule 1 of GEN. It means managing on a discretionary basis the buying and selling of investment instruments belonging to another Person.

An Authorised Firm authorised to carry on the regulated activity of Managing Investments is subject to prudential supervision and must comply with AIFC Prudential Rules for Investment Firms.

Currency regulation

Currency transactions will be performed via AIFC Banks if processed in only foreign currency, and via second-tier banks in any currency. For more details of transactional implications see Chapter 4 of PERG.

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.



Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?		
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:	
	Name of allowed activity:	<p>Managing Investment:</p> <ol style="list-style-type: none"> 1) in relation to clients (investors) who are citizens and legal entities of the Republic of Kazakhstan investing in securities of the funds incorporated in the AIFC and managed by management companies licensed by ARDFM* 2) in relation to clients (investors) who are professional investors and have financial assets equivalent to not less than USD 150 000, when transferring the investments under the management or investing in securities of the funds incorporated in the AIFC or elsewhere and managed by a fund manager licensed by AFSA. <p>* ARDFM – Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market.</p> <p>Note: Be informed that client classification in COB has different threshold for classifying individual clients as Assessed Professional Clients, for example the client needs to have net assets of at least USD 100 000.</p>
	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	3.5 in the list of financial services.
	Type of currency:	Any currency
	Transaction:	<p>Via AIFC Banks: only foreign currency</p> <p>Via second-tier banks: any currency</p>
	Currency reporting:	<p>No specific reporting for a financial service.</p> <p>Transactional reporting may be applicable (see Chapter 4 of PERG for more details).</p>
No:	Subrule 3.3.2 of AIFC Rules on Currency Regulation applies.	

For more details see Chapter 4 of PERG.

2.2.3.2. Exclusions

A Person who is not an Authorised Firm or an Authorised Market Institution does not Manage Investments if all day-to-day decisions relating to the Investments which are included in those assets are taken by an Authorised Firm or a Regulated Financial Institution.

2.2.4. Managing a Collective Investment Scheme

2.2.4.1. General description

Managing a Collective Investment Scheme is listed in section 4 of Schedule 1 of GEN. It means:

- (a) establishing;



- (b) managing; or
- (c) otherwise operating; or
- (d) winding up

a Collective Investment Scheme.

In case any activity as indicated above constitutes Managing Assets, Providing Fund Administration, Dealing as Agent, Dealing as Principal, Arranging Deals in Investments, or Providing Custody, such a Regulated Activity is taken to be incorporated within Managing a Collective Investment Scheme.

An Authorised Firm authorised to carry on the regulated activity of Managing a Collective Investment Scheme is subject to prudential supervision and must comply with AIFC Prudential Rules for Investment Firms.

A Collective Investment Scheme may only be established, promoted or marketed in the AIFC by a Person who is:

- (a) a Domestic Fund Manager;
- (b) a Foreign Fund Manager; or
- (c) another Centre Participant.

Foreign Fund Managers

A Foreign Fund Manager may manage a Domestic Fund in accordance with the AIFC Collective Investment Scheme Rules and Acting Law of the AIFC.

Domestic Fund Managers

Domestic Fund Manager may manage a Fund in other jurisdictions subject to the rules and regulations of that jurisdiction, AIFC Collective Investment Scheme Rules and Acting Law of the AIFC.

However, each foreign jurisdiction needs to be assessed first to ensure there is an adequate level of equivalence, and typically reciprocal arrangements would be expected to be in place.

For more information on fund management activity see Guidance for Fund Management Activity and Funds in the AIFC.

Currency regulation

Currency transactions will be performed via AIFC Banks if processed in only foreign currency, and via second-tier banks in any currency. For more details of transactional implications see Chapter 4 of PERG.

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?		
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:	
	Name of allowed activity:	Managing Investment (including investment funds): <ol style="list-style-type: none"> 1) in relation to clients (investors) who are citizens and legal entities of the Republic of Kazakhstan investing in securities of the funds incorporated in the AIFC and managed by management companies licensed by ARDFM* 2) in relation to clients (investors) who are professional investors and have financial assets equivalent to not less than USD 150 000, when transferring the investments under the management or investing in securities of the funds incorporated in the AIFC or elsewhere and managed by a fund manager licensed by AFSA.



		<p>* ARDFM – Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market.</p> <p>Note:</p> <p>Client classification in COB has different threshold for classifying individual clients as Assessed Professional Clients, for example the client needs to have net assets of at least USD 100 000.</p>
	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	3.5 in the list of financial services.
	Type of currency:	Any currency
	Transaction:	Via AIFC Banks: only foreign currency Via second-tier banks: any currency
	Currency reporting:	No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
No:	Subrule 3.3.2 of AIFC Rules on Currency Regulation applies.	

2.2.4.2. Exclusions

Arrangements not amounting to a Collective Investment Scheme are specified in section 3 of the AIFC Collective Investment Scheme Rules.

Arrangement	Rule
Schemes not operated by way of business	3.3.
Deposits	3.4.
Common accounts	3.5.
Commercial activities unrelated to Regulated Activities	3.6.
Group arrangements	3.7.
Franchise arrangements	3.8.
Clearing services	3.9.
Certificates or Options	3.10.
Time-share and other 'property-enjoyment' related arrangements	3.11.
Bodies corporate not undertaking investment management	3.12.



Debentures and Warrants of a single issuer	3.13.
Insurance	3.14.
Profit Sharing Investment Accounts (PSIAs)	3.15.
Discretionary Portfolio Accounts	3.16.
Close Relative accounts	3.17.
Sukuk	3.18.
Employee reward schemes	3.19.
Carried interest vehicles	3.20.
Other circumstances	3.21.

For requirements applicable to Foreign Fund Managers, i.e. Fund Managers not located in the AIFC see AIFC Collective Investment Scheme Rules.

Specific products or activities forming part of Islamic Financial Business are not regulated as Collective Investment Schemes due to their unique characteristics and the specific regulations applied to them.

Such Islamic Financial Business activities are expressly excluded from the remit of the AIFC Collective Investment Scheme Rules but may be considered as Islamic Investment Funds.

For applicable requirements to Islamic Investment Funds see AIFC Islamic Finance Rules.

2.2.5. Providing Custody

2.2.5.1. General description

Providing Custody is listed in section 5 of Schedule 1 of GEN. It means safeguarding and administering Investments (Fund Property, Digital Assets) belonging to another Person.

Safeguarding and administering Investments consists of both of the following:

- (a) safeguarding of assets belonging to another, and
- (b) the administration of those assets.

Administering an Investment would include, for example, crediting income arising out of an Investment to the beneficiary's account; however, it is important that discretion is not exercised in the carrying out of the activities, otherwise the actions will fall within another regulated activity (that of Advising on Investments, or Managing Investments), and separate permission will be required.

Safeguarding an Investment is holding it in safe custody, e.g. looking after a share certificate.

Providing Custody differs from that of Arranging Custody because:

- (a) a Person Providing Custody is legally accountable to Clients for safeguarding and administering Client Investments; and
- (b) a Person arranging Custody does not become a party to the arrangement to Provide Custody and hence does not assume any duties or responsibilities to the Client for the safe custody of the Client's Investments – instead, such a Person merely facilitates a custodian to provide its services to a potential user of its services.

An Authorised Firm authorised to carry on the regulated activity of Providing Custody is subject to prudential supervision and must comply with AIFC Prudential Rules for Investment Firms.



Currency regulation

Currency transactions will be performed via AIFC Banks if processed in only foreign currency, and via second-tier banks in any currency. For more details of transactional implications see Chapter 4 of PERG.

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?		
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:	
	Name of allowed activity:	<p>Providing custody services (nominal holding, accounting and safeguarding of securities).</p> <p>This is limited to the following cases of providing custody</p> <ol style="list-style-type: none"> 1) in respect to securities issued in accordance with foreign legislation and Acting Law of the AIFC 2) in respect to Kazakhstani securities provided that the AIFC participant has relevant ARDFM* licence 3) Settlement depository or custodial services of Astana International Exchange Central Securities Depository in respect to all securities included in the official list of Astana International Exchange. <p>* ARDFM – Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market.</p>
	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	3.4 in the list of financial services.
	Type of currency:	Any currency
	Transaction:	<p>Via AIFC Banks: only foreign currency</p> <p>Via second-tier banks: any currency</p>
	Currency reporting:	<p>No specific reporting for a financial service.</p> <p>Transactional reporting may be applicable (see Chapter 4 of PERG for more details).</p>
No:	Subrule 3.3.2 of AIFC Rules on Currency Regulation applies.	

For more details see Chapter 4 of PERG.

2.2.5.2. Exclusions

There are a number of exclusions applicable in certain circumstances:

- (a) while acting as personal representative;
- (b) in connection with the carrying on of a profession of a non-investment business;
- (c) in connection with the sale of goods or supply of services;
- (d) where they belong to a group member or participator in a joint enterprise;
- (e) in connection with an employee share scheme;



- (f) that involve the provision of information to policyholders or potential policyholders about contracts of insurance on an incidental basis; or
- (g) where they are acting as an insolvency practitioner.

2.2.6. Arranging Custody

2.2.6.1. General description

Arranging Custody is listed in section 6 of Schedule 1 of GEN and means arranging provision of custody for one or more Persons.

For the difference between Providing Custody and Arranging Custody refer to item 2.2.5.1.

The type of activities that constitute Arranging Custody include:

- (a) negotiating and settling terms of the contract between the custody provider and the person who is obtaining that service (the Client);
- (b) assisting the Client to complete application forms and other processes;
- (c) collecting and processing the Client’s payments; and
- (d) transmitting information (including instructions from the Client and confirmations by the custody provider) between the Customer and the custody provider.

The Client Asset provisions only apply to firms holding or controlling Client Assets and to firms Providing Custody.

As a firm Arranging Custody does not “safeguard and administer Investments”, the Client Asset provisions in COB section 8 have only limited application to such a firm (see COB Rule 8.1.5.).

A firm “Arranging Custody”, although not subject to substantive Client Asset provisions (because it does not hold or control Client Assets), is still required to undertake due diligence on a non-AIFC custodian with whom it arranges for its Client to obtain custody services.

An Authorised Firm authorised to carry on the regulated activity of Arranging Custody is subject to prudential supervision and must comply with AIFC Prudential Rules for Investment Firms.

Currency regulation

Currency transactions will be performed via AIFC Banks if processed in only foreign currency, and via second-tier banks in any currency. For more details of transactional implications see Chapter 4 of PERG.

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?		
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:	
	Name of allowed activity:	Arranging Custody.
	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	1 in the list of related services.
	Type of currency:	Any currency
	Transaction:	Via AIFC Banks: only foreign currency Via second-tier banks: any currency
	Currency reporting:	No specific reporting for a financial service.



		Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
No:	Subrule 3.3.2 of AIFC Rules on Currency Regulation applies.	

For more details see Chapter 4 of PERG.

2.2.6.2. Exclusions

A Person (an “introducer”) does not carry on the activity of Arranging Custody merely by introducing another Person to a custodian who is an Authorised Firm or a Regulated Financial Institution authorised to provide custody.

This exclusion does not apply if:

- (a) the custodian is a member of the same Group as the introducer;
- (b) the custodian is a part of the same legal entity as the introducer and, conducts custody services outside the AIFC; or
- (c) the introducer is remunerated for making the introduction by any Person, including by an entity referred to in (a) or (b).

An exchange does not Arrange Custody merely by making arrangements for, or taking steps that facilitate:

- (a) the safeguarding and administration of assets belonging to Members or other participants; or
- (b) the settlement by another Person of transactions entered into on a facility operated by the exchange.

2.2.7. Providing Trust Services

2.2.7.1. General description

Providing Trust Services is listed in section 6 of Schedule 1 of GEN and means:

- (a) the provision of services with respect to the creation of an express trust;
- (b) arranging for any Person to act as a trustee in respect of any express trust;
- (c) acting as trustee in respect of an express trust; or
- (d) acting as protector or enforcer in respect of an express trust.

Definition of an express trust is provided in the AIFC Trust Regulations and mean a trust created with the Settlor’s express intent declared in writing or a written declaration of trust by the trustee.

A Person who is a Trustee does not carry on Dealing in Investments as Principal, Managing Investments and Providing Custody in circumstances where it is acting as a trustee.

An Authorised Firm authorised to carry on the regulated activity of Providing Trust Services is subject to prudential supervision and must comply with AIFC Prudential Rules for Investment Firms.

Currency regulation

Currency transactions will be performed via AIFC Banks if processed in only foreign currency, and via second-tier banks in any currency. For more details of transactional implications see Chapter 4 of PERG.

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?	
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:



	Name of allowed activity:	Trust services.
	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	3.6 in the list of financial services.
	Type of currency:	Any currency
	Transaction:	Via AIFC Banks: only foreign currency Via second-tier banks: any currency
	Currency reporting:	No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
No:	Subrule 3.3.2 of AIFC Rules on Currency Regulation applies.	

For more details see Chapter 4 of PERG.

2.2.7.2. Exclusions

Providing generic advice on the desirability of using a trust does not amount to Providing Trust Services.

A Person does not carry on Providing Trust Services by way of business where it is:

- (a) acting as enforcer or protector; or
- (b) where it is arranging for a Person to act as trustee,

in respect of less than three (3) trusts.

A law firm, notary firm, or other independent legal business or an accounting firm, audit firm, or insolvency firm does not provide Trust Services where it only:

- (a) arranges for a Person to act as trustee in respect of an express trust; or
- (b) provides services with respect to the creation of an express trust; provided that:
 - (i) the provision of such services is solely incidental to the practice of law or accounting as the case may be; and
 - (ii) the DNFBP is not holding itself out as Providing Trust Services.

Acting as trustee, protector or enforcer are not activities incidental to the practice of law or accounting and require a Licence.

2.2.8. Providing Fund Administration

2.2.8.1. General description

Providing Fund Administration is listed in section 8 of Schedule 1 of GEN. It means providing one or more of the following services in relation to a Fund (i.e. a Collective Investment Scheme):

- (a) processing dealing instructions including subscriptions, redemptions, stock transfers and arranging settlements;
- (b) valuing of assets and performing net asset value calculations;
- (c) maintaining the share register and Unitholder registration details;
- (d) performing anti money laundering requirements;
- (e) undertaking transaction monitoring and reconciliation functions;
- (f) performing administrative activities in relation to banking, cash management, treasury and foreign exchange;
- (g) producing financial statements, other than as the Fund's registered auditor; or



- (h) communicating with participants, the Fund, the Fund Manager, and investment managers, the prime brokers, the Regulators and any other parties in relation to the administration of the Fund.

An Authorised Firm authorised to carry on the regulated activity of Providing Fund Administration is subject to prudential supervision and must comply with AIFC Prudential Rules for Investment Firms.

Currency regulation

Currency transactions will be performed via AIFC Banks if processed in only foreign currency, and via second-tier banks in any currency. For more details of transactional implications see Chapter 4 of PERG.

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?		
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:	
	Name of allowed activity:	Providing Fund establishment and administration.
	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	6 in the list of related services.
	Type of currency:	Any currency
	Transaction:	Via AIFC Banks: only foreign currency Via second-tier banks: any currency
	Currency reporting:	No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
No:	Subrule 3.3.2 of AIFC Rules on Currency Regulation applies.	

For more details see Chapter 4 of PERG.

2.2.8.2. Exclusions

There are none.

2.2.9. Acting as the Trustee of a Fund

2.2.9.1. General description

Acting as the Trustee of a Fund is listed in section 9 of Schedule 1 of GEN. It means holding the assets of a Fund on trust for the Unitholders where the Fund is in the form of an Investment Trust.

To the extent that any activity indicated above constitutes Providing Fund Administration or Providing Custody, such a Financial Service is taken to be incorporated within Acting as the Trustee of a Fund.

A Trustee is not required to obtain additional authorisations for certain activities involving offering Financial Services that fall within the ordinary scope of the activity of Acting as the Trustee of a Fund.

An Authorised Firm authorised to carry on the regulated activity of Acting as a Trustee of a Fund is subject to prudential supervision and must comply with AIFC Prudential Rules for Investment Firms.



Currency regulation

Currency transactions will be performed via AIFC Banks if processed in only foreign currency, and via second-tier banks in any currency. For more details of transactional implications see Chapter 4 of PERG.

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?		
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:	
	Name of allowed activity:	Acting as Trustee of a fund.
	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	7 in the list of related services.
	Type of currency:	Any currency
	Transaction:	Via AIFC Banks: only foreign currency Via second-tier banks: any currency
	Currency reporting:	No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
No:	Subrule 3.3.2 of AIFC Rules on Currency Regulation applies.	

For more details see Chapter 4 of PERG.

2.2.9.2. Exclusions

A Person is not Acting as the Trustee of a Fund merely because it is acting as an agent, employee or delegate of a Trustee.

2.2.10. Advising on Investments

2.2.10.1. General description

Advising on Investments is listed in section 10 of Schedule 1 of GEN. It means giving advice to a Person:

- (a) in the capacity as an investor or potential investor; or
- (b) in the capacity as agent for an investor or a potential investor,

on the merits of his (i) buying, (ii) selling, (iii) holding, (iv) subscribing for or (v) underwriting a particular Investment (whether as principal or agent).

“Advice” includes a statement, opinion or report:

- (a) where the intention is to influence a Person, in making a decision, to select a particular Investment or an interest in a particular Investment; or
- (b) which could reasonably be regarded as being intended to have such an influence.

An Authorised Firm authorised to carry on the regulated activity of Advising on Investments is subject to prudential supervision and must comply with AIFC Prudential Rules for Investment Firms.

Currency regulation



Currency transactions will be performed via AIFC Banks if processed in only foreign currency, and via second-tier banks in any currency. For more details of transactional implications see Chapter 4 of PERG.

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?		
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:	
	Name of allowed activity:	Advising on Investments. This activity also includes investment banking services of financial consulting (M&A structuring, private equity, restructuring, hedging).
	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	1) 2 in the list of related services. 2) 3.1.2 in the list of financial services.
	Type of currency:	Any currency
	Transaction:	Via AIFC Banks: only foreign currency Via second-tier banks: any currency
	Currency reporting:	No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
No:	Subrule 3.3.2 of AIFC Rules on Currency Regulation applies.	

For more details see Chapter 4 of PERG.

2.2.10.2. Exclusions

There are none.

2.2.11. Arranging Deals in Investments

2.2.11.1. General description

Arranging Deals in Investments is listed in section 11 of Schedule 1 of GEN. It means making arrangements with a view to another Person (i) buying, (ii) selling, (iii) subscribing for or (iv) underwriting an Investment (whether that other Person is acting as principal or agent).

The above definition is also wider in cases where the arrangements would not bring about a particular transactions. For example, where the involvement in a chain of events leading to a transaction is of enough importance that without that involvement it would not take place.

The activities which constitute Arranging Deals in Investments generally involve the following elements:

- (a) the purpose of such an arrangement is to ‘facilitate’ or ‘bring about’ transactions between other parties such as:
 - (i) buyers and sellers of Investments;
 - (ii) issuers of and subscribers for Securities (note – subscription is generally an activity associated with an initial offer of Securities);
 - (iii) issuers and underwriters of securities (note – underwriting here is an activity associated with an initial offer of Securities, as opposed to underwriting of risks, which is an activity of an insurer); and



- (iv) insurers writing Long-Term Insurance and policyholders who wish to obtain such insurance.
- (b) such arrangements can be either of an on-going nature, for example, an arrangement which is available to potential buyers or sellers of Investments, or an arrangement which is bespoke (i.e. available on a one-off basis for a particular client, such as an underwriter of Securities).

The activities referred to above can include one or more of the following:

- (a) the introduction of:
 - (i) potential buyers of Investments to issuers or sellers of Investments, or vice versa;
 - (ii) potential subscribers for Securities to issuers;
 - (iii) potential underwriters to issuers of Securities, or vice-versa;
 - (iv) potential parties to a derivatives transaction; and
 - (v) policyholders or cedants to insurers or reinsurers underwriting Long-Term Insurance;
- (b) assisting any of the parties referred to in (a) through activities, such as, completing the applications or other processes relevant to the transaction;
- (c) negotiating and settling terms of the contracts between the parties referred to in (a);
- (d) collecting and processing fees, commissions or other payments (such as premiums in the case of Long-Term Insurance); and
- (e) transmitting instructions or confirmations relating to transactions.

An arrangement which is part of a wider arrangement for the purpose of bringing about transactions in Investments still falls within the scope of Arranging Deals in Investments. For example, an arranger may arrange (i.e. allow access) for potential investors to access a facility set up by an offeror of Securities. The arrangement to allow access constitutes arranging, although, for a transaction to be concluded, the investor will also need to use the offeror's facility.

'Arranging Deals in Investments' differs from 'Dealing in Investments as Agent' because:

- (a) a Person 'arranging deals' (i.e. the 'arranger') does not have the authority to bind the parties to an Investment transaction resulting from its 'arranging' activities; and
- (b) a Person 'dealing as agent' acts as the agent of a party to the Investment transaction and has the authority to bind its principal.

For example, a Person acting as an agent either:

- (a) executes the transaction for its principal (the Client); or
- (b) if using another broker to execute the client order, commits the Client to the transaction by giving a binding order to the broker.

In contrast, a Person acting as an arranger may, for example, receive and transmit client orders to a broker, but does not have the power to execute or enter into the transaction for the client, or commit the client to a transaction.

An activity falls within the scope of the service of 'arranging' even if it does not necessarily lead to a completed transaction.

For example, a prospective buyer or seller of Securities may change his mind and not sign a contract for the sale or purchase of Securities. Similarly, a potential buyer of Long-Term Insurance, after having completed an application form for Long-Term Insurance with the assistance of an arranger, may not go ahead with the purchase of the policy. In both examples, just because the transaction has not been concluded, the arranger's activities do not cease to be 'arranging'.

An Authorised Firm authorised to carry on the regulated activity of Arranging Deals in Investments is subject to prudential supervision and must comply with AIFC Prudential Rules for Investment Firms.

Currency regulation

Currency transactions will be performed via AIFC Banks if processed in only foreign currency, and via second-tier banks in any currency. For more details of transactional implications see Chapter 4 of PERG.



The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?		
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:	
	Name of allowed activity:	Arranging Deals in Investments.
	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	3 in the list of related services.
	Type of currency:	Any currency
	Transaction:	Via AIFC Banks: only foreign currency Via second-tier banks: any currency
	Currency reporting:	No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
No:	Subrule 3.3.2 of AIFC Rules on Currency Regulation applies.	

For more details see Chapter 4 of PERG.

2.2.11.2. Exclusions

Unless stated otherwise, the following specific exclusions apply to both arranging (bringing about) deals in Investments and making arrangements with a view to deals in Investments:

- (1) where a Person merely enables parties to communicate, the Person does not make arrangements with a view under section 11 of Schedule 1 of GEN - this is likely to apply mainly to Persons such as internet service providers, broadcasters or publishers if all they do is provide communication facilities. The word “merely” is crucial so that where a publisher, broadcaster or Internet service provider goes beyond what is necessary for them to provide a service of publishing, broadcasting or otherwise facilitating the issue of promotions, it may well bring them within the scope of section 11 of Schedule 1 of GEN.
- (2) where a Person is arranging a transaction to which they are a party.
- (3) arranging transactions connected to lending on the security of insurance contracts (but only where a Person is not carrying on insurance mediation or reinsurance mediation) (for further information on exclusions relating to insurance related activities, see relevant sections of PERG).
- (4) arranging for Debentures to be accepted in connection with the making of loans.
- (5) where a transaction for the sale or purchase of a contract of insurance consists of the mere provision of information about a potential policyholder to a relevant insurer or an insurance or reinsurance intermediary, or consists of the provision of information to a potential policyholder about a contract of insurance, or a relevant insurer or insurance or reinsurance intermediary. This exclusion is only available if the provider of the information does not take any step other than the provision of information to assist in the conclusion of a contract of insurance.
- (6) arrangements made by a firm for the issue of its own shares or share warrants or person issuing their own Debentures or Debenture warrants.



A Person who performs for a financial service provider (in or outside the AIFC) delegated or outsourced functions, such as back office administration services, does not carry on ‘arranging’ activities. For example, a Person undertaking administrative tasks (such as processing applications, transmitting orders, or issuing confirmations of transactions for a brokerage firm or an insurer) is not arranging transactions.

A passive display of literature which advertises Investments does not amount to arranging, unless something more is done to help potential investors or policyholders to buy such Investments or policies.

For example, a passive display of leaflets advertising Investments in property funds at the reception of an office, such as an accountant’s office, or a display of leaflets advertising permanent health policies of a Long-Term Insurance insurer at a doctor’s or dentist’s waiting rooms, would not constitute arranging, provided the relevant service providers or employees in their offices do not assist or facilitate transactions by potential investors/policyholders.

2.2.12. Managing a Restricted Profit Sharing Investment Account

2.2.12.1. General description

Managing a Restricted Profit Sharing Investment Account is listed in section 12 of Schedule 1 of GEN. It means managing an account or portfolio which is a Restricted Profit Sharing Investment Account (RPSIA).

More detailed information about Restricted Profit Sharing Investment Account can be found in the AIFC Islamic Finance Rules and AIFC Islamic Banking Business Prudential Rules.

Currency regulation

Currency transactions will be performed via AIFC Banks if processed in only foreign currency, and via second-tier banks in any currency. For more details of transactional implications see Chapter 4 of PERG.

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?											
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:										
	<table border="1"> <tr> <td>Name of allowed activity:</td> <td>Managing a restricted profit sharing investment account (portfolio, fund) based on Islamic financial contract.</td> </tr> <tr> <td>Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:</td> <td>8 in the list of related services.</td> </tr> <tr> <td>Type of currency:</td> <td>Any currency</td> </tr> <tr> <td>Transaction:</td> <td>Via AIFC Banks: only foreign currency Via second-tier banks: any currency</td> </tr> <tr> <td>Currency reporting:</td> <td>No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).</td> </tr> </table>	Name of allowed activity:	Managing a restricted profit sharing investment account (portfolio, fund) based on Islamic financial contract.	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	8 in the list of related services.	Type of currency:	Any currency	Transaction:	Via AIFC Banks: only foreign currency Via second-tier banks: any currency	Currency reporting:	No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
Name of allowed activity:	Managing a restricted profit sharing investment account (portfolio, fund) based on Islamic financial contract.										
Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	8 in the list of related services.										
Type of currency:	Any currency										
Transaction:	Via AIFC Banks: only foreign currency Via second-tier banks: any currency										
Currency reporting:	No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).										
No:	Subrule 3.3.2 of AIFC Rules on Currency Regulation applies.										



For more details see Chapter 4 of PERG.

2.2.12.2. Exclusions

There are none.

2.2.13. Islamic Banking Business

2.2.13.1. General description

Islamic Banking Business is listed in section 13 of Schedule 1 of GEN. It means providing financing or making Investments by entering as principal or agent into any Islamic Financial Contract while raising funds for those activities through either or both of the following:

- (a) raising, accepting and managing funds or money placements;
- (b) managing Unrestricted Profit Sharing Investment Accounts (UPSIA);

provided that all such activities are carried out in a Shari’ah-compliant manner.

The definition of an Islamic Financial Contract can be found in the AIFC Islamic Finance Rules and may include any of the following:

- (i) murabahah and its variations;
- (ii) salam and its variations;
- (iii) tawarruq and its variations;
- (iv) istisna and its variations;
- (v) ijarah and its variations;
- (vi) musharakah and its variations;
- (vii) mudarabah and its variations;
- (viii) qard;
- (ix) any other Islamic Financial Contract that is approved to be so by the relevant Authorised Firm’s Shari’ah Supervisory Board.

For more details on Islamic Banking Business see AIFC Islamic Banking Business Prudential Rules.

Currency regulation

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?		
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:	
	Name of allowed activity:	Islamic banking and Islamic financing carried out by Islamic banks
	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	1.1 in the list of professional services.
	Type of currency:	Any currency
	Transaction:	Via AIFC Banks: only foreign currency Via second-tier banks: any currency
	Currency reporting:	No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).



No:	Subrule 3.3.2 of AIFC Rules on Currency Regulation applies.
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For more details see Chapter 4 of PERG.

2.2.13.2. Exclusions

There are none.

2.2.14. Providing Islamic Financing

2.2.14.1. General description

Providing Islamic Financing is listed in section 14 of Schedule 1 of GEN. It means providing financing in a Shari’ah-compliant manner by entering into any Islamic Financial Contract.

The definition of an Islamic Financial Contract can be found in the AIFC Islamic Finance Rules.

For more details on Providing Islamic Financing see AIFC Islamic Banking Business Prudential Rules.

Currency regulation

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?	
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:
	Name of allowed activity: Islamic banking and Islamic financing carried out by Islamic banks
	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation: 1.1 in the list of financial services.
	Type of currency: Any currency
	Transaction: Via AIFC Banks: only foreign currency Via second-tier banks: any currency
	Currency reporting: No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
No:	Subrule 3.3.2 of AIFC Rules on Currency Regulation applies.

For more details see Chapter 4 of PERG.

2.2.14.2. Exclusions

There are none.

2.2.15. Insurance Intermediation

2.2.15.1. General description

Insurance Intermediation is listed in section 15 of Schedule 1 of GEN. It means:

- (a) advising on a Contract of Insurance;



- (b) acting as agent for another Person in relation to the buying or selling of a Contract of Insurance for that other Person; or
- (c) making arrangements with a view to another Person, whether as principal or agent, buying a Contract of Insurance.

For further details about “advising” and “arrangements” see section 15 of GEN.

A Contract of Insurance is any enforceable contract under which a “provider” undertakes:

- (1) in consideration of one or more payments;
- (2) to pay money or provide a corresponding benefit (including in some cases services to be paid for by the provider) to a ‘recipient’;
- (3) in response to a defined event the occurrence of which is uncertain (either as to when it will occur or as to whether it will occur at all) and adverse to the interests of the recipient.

An Authorised Firm authorised to carry on the regulated activity of Insurance Intermediation is subject to prudential supervision and must comply with AIFC Prudential Rules for Insurance Intermediaries and Insurance Managers.

Currency regulation

Currency transactions will be performed via AIFC Banks if processed in only foreign currency, and via second-tier banks in any currency. For more details of transactional implications see Chapter 4 of PERG.

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?											
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:										
	<table border="1"> <tr> <td>Name of allowed activity:</td> <td>Reinsurance broker’s activity. This means that Kazakhstani insurers may transfer insurance risks for reinsurance through the insurance broker that is the AIFC participant</td> </tr> <tr> <td>Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:</td> <td>2.3 in the list of financial services.</td> </tr> <tr> <td>Type of currency:</td> <td>Any currency</td> </tr> <tr> <td>Transaction:</td> <td>Via AIFC Banks: only foreign currency Via second-tier banks: any currency</td> </tr> <tr> <td>Currency reporting:</td> <td>No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).</td> </tr> </table>	Name of allowed activity:	Reinsurance broker’s activity. This means that Kazakhstani insurers may transfer insurance risks for reinsurance through the insurance broker that is the AIFC participant	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	2.3 in the list of financial services.	Type of currency:	Any currency	Transaction:	Via AIFC Banks: only foreign currency Via second-tier banks: any currency	Currency reporting:	No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
Name of allowed activity:	Reinsurance broker’s activity. This means that Kazakhstani insurers may transfer insurance risks for reinsurance through the insurance broker that is the AIFC participant										
Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	2.3 in the list of financial services.										
Type of currency:	Any currency										
Transaction:	Via AIFC Banks: only foreign currency Via second-tier banks: any currency										
Currency reporting:	No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).										
No:	Subrule 3.3.2 of AIFC Rules on Currency Regulation applies.										

For more details see Chapter 4 of PERG.

2.2.15.2. Exclusions

There are none.



2.2.16. Operating a Representative Office

2.2.16.1. General description

Operating a Representative Office is listed in section 16 of Schedule 1 of GEN. It means the marketing, from an establishment in the AIFC, of one or more financial services or investments which are offered in a jurisdiction other than the AIFC.

For further details see GEN and AIFC Representative Office Rules.

Currency regulation

Subject to the general currency regulation legislation of the Republic of Kazakhstan.

2.2.16.2. Exclusions

Any communication which amounts to marketing in respect of a Financial Service or Investment, which is issued by or on behalf of a Government or non-commercial governmental entity, does not constitute marketing for the purposes of the general description. This does not include activity of a broker that is marketing or selling Government bonds to its Clients.

2.2.17. Accepting Deposits

2.2.17.1. General description

Accepting Deposits is listed in section 17 of Schedule 1 of GEN.

A Firm is accepting deposits if money or funds received as a Deposit:

- (a) is lent to other Persons, or
- (b) used to finance wholly, or partly, any other activity of the Person accepting the Deposit.

To the extent that any activity constitutes Opening and Operating Bank Accounts such a Regulated Activity is taken to be incorporated within Accepting Deposits.

A Deposit is a sum of money paid on terms:

- (a) under which it will be repaid, with or without interest or a premium, and either on demand or at a time or in circumstances agreed by or on behalf of the Person making the payment and the Person receiving it; and
- (b) which is not relevant to the provision of property (other than currency) or services or the giving of security.

Money is paid on terms which are relevant to the provision of property or services or the giving of security if:

- (a) it is paid by way of advance or part payment under a contract for the sale, hire or other provision of property or services, and is repayable only in the event that the property or services are not in fact sold, hired or otherwise provided;
- (b) it is paid by way of security for the performance of a contract or by way of security in respect of loss which may result from the non-performance of a contract; or
- (c) without prejudice to (b), it is paid by way of security for the delivery of property, whether in a particular state of repair or otherwise.

An Authorised Firm authorised to carry on the regulated activity of Accepting Deposits is subject to prudential supervision and must comply with AIFC Banking Business Prudential Rules.

Currency regulation

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?	
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:



	Name of allowed activity:	Accepting deposits from residents of Kazakhstan is prohibited.
	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	Not mentioned. The services cannot be offered to residents of Kazakhstan that are not AIFC Participants.
	Type of currency:	Not applicable
	Transaction	Not applicable
	Currency reporting	No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
No:	AIFC Rules on Currency Regulation do not apply.	

For details see Chapter 4 of PERG.

2.2.17.2. Exclusions

Whether or not Accepting Deposits is a Regulated Activity depends on the use to which the money is put. The activity is caught if money received by way of Deposit is lent to others or if any other activity of the person accepting the Deposit is financed wholly (or to a material extent) out of the capital of, or interest on, money received by way of Deposit.

Anyone concerned that they may be carrying on the Regulated Activity of Accepting Deposits will need to work out whether the sum received is in fact a Deposit.

A sum is not a Deposit if it is paid:

- (a) by a Person in the course of carrying on a business consisting wholly or to a significant extent of lending money;
- (b) by one company to another at a time when both are members of the same Group;
- (c) by an Authorised Firm authorised to carry on the Regulated Activity of Accepting Deposits;
- (d) by a Person who is a close relative of the Person receiving it or who is a director, manager or Controller of that Person.

A sum is not a Deposit if it is received:

- (a) by a lawyer acting in a professional capacity;
- (b) by an accountant acting in a professional capacity;
- (c) by an Authorised Firm or an Authorised Market Institution authorised to carry on any one or more of the Regulated Activities defined in Schedule 1 of the GEN, except Accepting Deposits, in the course of or for the purpose of any such Regulated Activity disregarding any applicable exclusions; or
- (d) by a Person as consideration for the issue by the person of a Debenture.

2.2.18. Providing Credit

2.2.18.1. General description

Providing Credit is listed in section 18 of Schedule 1 of GEN.

It means providing a Credit Facility to another Person, i.e. providing any facility which includes any arrangement or agreement which extends monetary credit whether funded or unfunded to a Person including:



- (a) any loan or syndicated loan;
- (b) mortgage;
- (c) overdraft;
- (d) financial lease;
- (e) letter of credit;
- (f) financial guarantee;
- (g) trade finance;
- (h) transaction finance;
- (i) project finance; or
- (j) asset finance.

A Person does not carry on the Regulated Activity of Providing Credit if the Credit Facility is to be provided by the Authorised Person in the course of carrying on one or more of the following activities: (a) Dealing in Investments as Agent; (b) Arranging Deals in Investments; (c) Managing Investments; (d) Managing a Collective Investment Scheme; (e) Providing Custody.

An Authorised Firm is a Credit Provider if it is authorised to conduct the Regulated Activity of Providing Credit and it is not a Bank. Credit Providers may raise funds from capital markets or money markets using debt instruments of any type but must not accept Deposits.

Where an Authorised Firm is providing brokerage services pursuant to its licence for Dealing in Investments as Agent, it may in the ordinary course of that business also be necessary to provide margin lending facilities to its Clients. In doing so the Authorised Firm will not be considered to be Providing Credit to its Client.

Where an Authorised Firm is Effecting Contracts of Insurance or Carrying Out Contracts of Insurance, it may in the ordinary course of that Insurance Business be necessary to provide an instalment contract to a Client with respect to the payment of an insurance premium. In doing so the Authorised Firm will not be considered to be Providing Credit to its Client.

An Authorised Firm authorised to carry on the regulated activity of Providing Credit is subject to prudential supervision and must comply with AIFC Banking Business Prudential Rules.

Currency regulation

Currency transactions related to providing credit can be processed only in foreign currency and will be performed via AIFC Banks and via second-tier banks. For more details of transactional implications see Chapter 4 of PERG.

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?		
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:	
	Name of allowed activity:	Provision of loans to legal entities of the Republic of Kazakhstan. Note: provision of loans to natural persons of the Republic of Kazakhstan is prohibited.
	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	1.2 in the list of financial services.



	Type of currency:	Foreign currency
	Transaction:	Foreign currency transactions can be performed both via AIFC Banks and second-tier banks
	Currency reporting:	No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
No:	Subrule 3.3.2 of AIFC Rules on Currency Regulation applies.	

For more details see Chapter 4 of PERG.

2.2.18.2. Exclusions

An Authorised Firm does not Provide Credit where the provision of the Credit Facility is incidental to or in connection with the trading of Investments, or conducting Insurance Business.

An operator of the Crowdfunding Platform does not Provide Credit to the extent that it Operates a Loan Crowdfunding Platform.

A Person does not Provide Credit to the extent that the Person operates a loyalty or rewards programme where a participant earns points or other monetary value from acquiring goods or services, which the participant can use to receive a discount on, or purchase, further goods or services.

Also see list of exclusions in 2.1.5. PERG.

2.2.19. Advising on a Credit Facility

2.2.19.1. General description

Advising on a Credit Facility is listed in section 19 of Schedule 1 of GEN. It means giving advice to a Person in the person’s capacity as a borrower or a potential borrower, or as an agent for a borrower or a potential borrower, on the merits of entering into a particular Credit Facility.

For further details see GEN. The definition of a Credit Facility is given in the AIFC Glossary. The definition of advice is given in section 19(2) of Schedule 1 of GEN.

An Authorised Firm authorised to carry on the regulated activity of Advising on a Credit Facility is subject to prudential supervision and must comply with AIFC Banking Business Prudential Rules.

Currency regulation

Currency transactions will be performed via AIFC Banks if processed in only foreign currency, and via second-tier banks in any currency. For more details of transactional implications see Chapter 4 of PERG.

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?		
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:	
	Name of allowed activity:	Advising on a Credit Facility.
	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	4 in the list of related services.



	Type of currency:	Any currency
	Transaction:	Via AIFC Banks: only foreign currency Via second-tier banks: any currency
	Currency reporting:	No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
No:	Subrule 3.3.2 of AIFC Rules on Currency Regulation applies.	

For more details see Chapter 4 of PERG.

2.2.19.2. Exclusions

There are none.

2.2.20. Arranging a Credit Facility

2.2.20.1. General description

Arranging a Credit Facility is listed in section 20 of Schedule 1 of GEN. It means making arrangements for the provision of a Credit Facility by one or more Persons.

The definition of a Credit Facility is given in the AIFC Glossary.

Generally, the following activities constitute Arranging a Credit Facility:

- (a) Introducing potential borrowers to a credit provider (who can be in the AIFC or outside the AIFC);
- (b) Assisting a potential borrower to obtain credit, such as completing application forms and other processes relevant to the transaction;
- (c) Negotiating terms of credit, including any fees payable to the arranger; and
- (d) Arranging collateral or other assurances needed by the potential borrower to obtain credit.

The guidance under ‘Arranging Deals in Investments’ is generally relevant for ‘Arranging a Credit Facility’, although the activities relate to ‘credit’ in this context, instead of ‘Investments’. Therefore, a reference to Investment in that guidance should be read as ‘credit’ for the purposes of ‘Arranging a Credit Facility’.

An Authorised Firm authorised to carry on the regulated activity of Arranging a Credit Facility is subject to prudential supervision and must comply with AIFC Banking Business Prudential Rules.

Currency regulation

Currency transactions will be performed via AIFC Banks if processed in only foreign currency, and via second-tier banks in any currency. For more details of transactional implications see Chapter 4 of PERG.

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?		
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:	
	Name of allowed activity:	Arranging a Credit Facility.



	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	5 in the list of related services.
	Type of currency:	Any currency
	Transaction:	Via AIFC Banks: only foreign currency Via second-tier banks: any currency
	Currency reporting:	No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
No:	Subrule 3.3.2 of AIFC Rules on Currency Regulation applies.	

For more details see Chapter 4 of PERG.

2.2.20.2. Exclusions

A Person does not carry on the Regulated Activity of Arranging a Credit Facility if the person:

- (a) is to be a party to the Provision of Credit Facilities in question; or
- (b) merely provides the means by which a Person providing a Credit Facility communicates with the Person to whom the Credit Facility is or is to be provided.

A Person does not carry on the Regulated Activity of Arranging a Credit Facility if the activity:

- (a) is carried on in the course of Providing Legal Services or Providing Accountancy Services, which does not otherwise consist of the carrying on of Financial Services;
- (b) may reasonably be regarded as a necessary part of any other services provided in the course of Providing Legal Services or Providing Accountancy Services; and
- (c) is not remunerated separately from the other services.

2.2.21. Providing Money Services

2.2.21.1. General description

Providing Money Services is listed in section 21 of Schedule 1 of GEN. This Regulated Activity means engaging in, among others, the following activities:

- (a) providing currency exchange;
- (b) selling or issuing payment instruments;
- (c) selling or issuing stored value;
- (d) execution of payment transactions, including transfers of funds on a settlement account, (including a bank account), with the user's payment service provider or with another payment service provider:
 - (i) execution of direct debits, including one-off direct debits;
 - (ii) execution of payment transactions through a payment card or a similar device; and
- (e) execution of payment transactions where the funds are covered by a credit line for a payment service user:
 - (i) execution of direct debits, including one-off direct debits;
 - (ii) execution of payment transactions through a payment card or a similar device; and
- (f) money remittance; and
- (g) execution of payment transactions where the consent of the payer to execute a payment transaction is given by means of any telecommunication, digital or IT device and the payment is made to the telecommunication, IT system or network operator, acting only as an intermediary between the payment service user and the supplier of the goods and services.



An Authorised Firm authorised to carry on the regulated activity of Providing Money Services is subject to prudential supervision and must comply with AIFC Banking Business Prudential Rules.

Currency regulation

Currency transactions will be performed via AIFC Banks if processed in only foreign currency, and via second-tier banks in any currency. For more details of transactional implications see Chapter 4 of PERG.

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?		
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:	
	Name of allowed activity:	Receiving and making payments and (or) money transfers using current bank account (within the permitted types of services)
	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	1.4 in the list of financial services.
	Type of currency:	Foreign currency
	Transaction:	Foreign currency transactions can be performed both via AIFC Banks and second-tier banks
	Currency reporting:	No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
No:	Subrule 3.3.2 of AIFC Rules on Currency Regulation applies.	

For more details see Chapter 4 of PERG.

2.2.21.2. Exclusions

An Authorised Firm, does not Provide Money Services if it does so in relation to the carrying on of another financial service where Providing Money Services is in connection with and a necessary part of that other financial service, for example, money service activities carried on in connection with, and as a necessary part of, Providing Credit, Dealing in Investments (as principal or agent), Operating an Exchange or Clearing House, Managing Investments or Providing Custody.

2.2.22. Effecting Contracts of Insurance

2.2.22.1. General description

Effecting Contracts of Insurance is listed in section 22 of Schedule 1 of GEN. It means effecting Contracts of Insurance as Principal, i.e. as a seller.

The ordinary meaning of “effect” is to cause something to happen or bring something about. “Effecting” a contract of insurance involves more than merely making the contract. It could also include the offering of insurance services and the negotiation of the terms of the contract, and steps necessary to conclude the insurance contract (for example, confirmation of the cover and policy issuance).

An Authorised Firm authorised to carry on the regulated activity of Effecting Contracts of Insurance is subject to prudential supervision and must comply with AIFC Insurance and Reinsurance Prudential Rules.



Different insurance categories are presented in the AIFC Insurance and Reinsurance Prudential Rules (General Insurance Business and Long-Term Insurance).

Acting as principal implies exclusion of agents who act on behalf of insurers.

Currency regulation

Currency transactions will be performed via AIFC Banks if processed in only foreign currency, and via second-tier banks in any currency. For more details of transactional implications see Chapter 4 of PERG.

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?		
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:	
	Name of allowed activity:	<ul style="list-style-type: none"> (1) Direct voluntary insurance: <ul style="list-style-type: none"> (a) air transport insurance (b) water transport insurance (c) space objects insurance (d) insurance of cargo related to air transport, water transport and space objects (e) legal liability insurance of air transport owners (f) legal liability insurance of water transport owners (g) legal liability insurance of space objects owners (2) Reinsurance activities: <ul style="list-style-type: none"> (a) acceptance of all risks from Kazakhstani insurers for reinsurance (3) Additional types of insurance: <ul style="list-style-type: none"> (a) insurance of guarantees and bails (b) insurance of court costs (c) title insurance (d) Islamic insurance (4) New types of specific risks insurance: <ul style="list-style-type: none"> (a) catastrophe risks (b) climate related risks (c) cyber risks (d) terrorism related risks (e) political risks
	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	2.1., 2.2., 2.4., 2.5 in the list of financial services.
	Type of currency:	Any currency
	Transaction:	Via AIFC Banks: only foreign currency Via second-tier banks: any currency
	Currency reporting:	No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).



No:	Subrule 3.3.2 of AIFC Rules on Currency Regulation applies.
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For more details see Chapter 4 of PERG.

2.2.22.2. Exclusions

There are none.

2.2.23. Carrying on Contracts of Insurance

2.2.23.1. General description

Carrying on Contracts of Insurance is listed in section 23 of Schedule 1 of GEN. It means carrying on Contracts of Insurance as Principal.

Carrying out insurance contracts relates to the performance of obligations under contract after it has been entered into, such as:

- (a) collecting premiums;
- (b) the maintenance of records; and
- (c) handling and paying claims.

Acting as principal implies exclusion of agents who act on behalf of insurers.

A Person, who is an Authorised Firm authorised to carry on the regulated activity of Carrying on Contracts of Insurance is subject to prudential supervision and must comply with AIFC Insurance and Reinsurance Prudential Rules

Currency regulation

Currency transactions will be performed via AIFC Banks if processed in only foreign currency, and via second-tier banks in any currency. For more details of transactional implications see Chapter 4 of PERG.

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?			
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:		
	<table border="1"> <tr> <td>Name of allowed activity:</td> <td> <ul style="list-style-type: none"> (1) Direct voluntary insurance <ul style="list-style-type: none"> (h) air transport insurance (i) water transport insurance (j) space objects insurance (k) insurance of cargo related to air transport, water transport and space objects (l) legal liability insurance of air transport owners (m) legal liability insurance of water transport owners (n) legal liability insurance of space objects owners (2) Reinsurance activities <ul style="list-style-type: none"> (b) acceptance of all risks from Kazakhstani insurers for reinsurance (3) Additional types of insurance <ul style="list-style-type: none"> (e) insurance of guarantees and bails (f) insurance of court costs (g) title insurance (h) Islamic insurance (4) New types of specific risks insurance <ul style="list-style-type: none"> (f) catastrophe risks (g) climate related risks (h) cyber risks </td> </tr> </table>	Name of allowed activity:	<ul style="list-style-type: none"> (1) Direct voluntary insurance <ul style="list-style-type: none"> (h) air transport insurance (i) water transport insurance (j) space objects insurance (k) insurance of cargo related to air transport, water transport and space objects (l) legal liability insurance of air transport owners (m) legal liability insurance of water transport owners (n) legal liability insurance of space objects owners (2) Reinsurance activities <ul style="list-style-type: none"> (b) acceptance of all risks from Kazakhstani insurers for reinsurance (3) Additional types of insurance <ul style="list-style-type: none"> (e) insurance of guarantees and bails (f) insurance of court costs (g) title insurance (h) Islamic insurance (4) New types of specific risks insurance <ul style="list-style-type: none"> (f) catastrophe risks (g) climate related risks (h) cyber risks
Name of allowed activity:	<ul style="list-style-type: none"> (1) Direct voluntary insurance <ul style="list-style-type: none"> (h) air transport insurance (i) water transport insurance (j) space objects insurance (k) insurance of cargo related to air transport, water transport and space objects (l) legal liability insurance of air transport owners (m) legal liability insurance of water transport owners (n) legal liability insurance of space objects owners (2) Reinsurance activities <ul style="list-style-type: none"> (b) acceptance of all risks from Kazakhstani insurers for reinsurance (3) Additional types of insurance <ul style="list-style-type: none"> (e) insurance of guarantees and bails (f) insurance of court costs (g) title insurance (h) Islamic insurance (4) New types of specific risks insurance <ul style="list-style-type: none"> (f) catastrophe risks (g) climate related risks (h) cyber risks 		



		(i) terrorism related risks (j) political risks
	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	2.1., 2.2., 2.4., 2.5.
	Type of currency:	Any currency
	Transaction:	Via AIFC Banks: only foreign currency Via second-tier banks: any currency
	Currency reporting:	No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
No:	Subrule 3.3.2 of AIFC Rules on Currency Regulation applies.	

For more details see Chapter 4 of PERG.

2.2.23.2. Exclusions

There are none.

2.2.24. Insurance Management

2.2.24.1. General description

Insurance Management is listed in section 24 of Schedule 1 of GEN. It means:

- (a) performing underwriting or administration functions for or on behalf of an insurer or Captive, for the purposes of that insurer effecting or carrying out a Contract of Insurance as principal; or
- (b) arranging reinsurance for and on behalf of an insurer or Captive for whom it is underwriting;
- (c) performing underwriting or administration functions for or on behalf of a Takaful Operator or a Captive Takaful Operator, for the purposes of that Takaful Operator effecting or carrying out a Takaful Contract as principal; or
- (d) arranging Retakaful for and on behalf of a Takaful Operator or Captive for whom it is underwriting.

For the meaning of “administration”, “underwriting”, “insurer” and “Takaful Operator” see section 24 of Schedule 1 of GEN.

An Authorised Firm authorised to carry on the regulated activity of Insurance Management is subject to prudential supervision and must comply with AIFC Prudential Rules for Insurance Intermediaries and Insurance Managers.

Currency regulation implications

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?	
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:



	Name of allowed activity:	Offering Insurance Management to residents of Kazakhstan is prohibited.
	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	Not mentioned
	Type of currency:	Not applicable
	Transaction:	Not applicable
	Currency reporting:	No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
No:	AIFC Rules on Currency Regulation do not apply.	

For more details see Chapter 4 of PERG.

2.2.24.2. Exclusions

There are none.

2.2.25. Takaful Business

2.2.25.1. General description

Takaful Business is listed in section 25 of Schedule 1 of GEN. It means the business of conducting either or both of the following activities:

- (a) effecting Takaful Contracts as Principal;
- (b) carrying on Takaful Contracts as Principal.

For more details on Takaful Business see AIFC Takaful and Retakaful Prudential Rules.

A Person, who is an Authorised Firm authorised to carry out regulated activity of Takaful Business is subject to prudential supervision and must comply with AIFC Takaful and Retakaful Prudential Rules.

Currency regulation

Currency transactions will be performed via AIFC Banks if processed in only foreign currency, and via second-tier banks in any currency. For more details of transactional implications see Chapter 4 of PERG.

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?		
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:	
	Name of allowed activity:	Islamic insurance
	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	2.4.4 in the list of related services.
	Type of currency:	Any currency
	Transaction:	Via AIFC Banks: only foreign currency



		Via second-tier banks: any currency
	Currency reporting:	No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
No:	Subrule 3.3.2 of AIFC Rules on Currency Regulation applies.	

For more details see Chapter 4 of PERG.

2.2.25.2. Exclusions

There are none.

2.2.26. Opening and Operating Bank Accounts

2.2.26.1. General description

Opening and Operating Bank Accounts is listed in section 26 of Schedule 1 of GEN. It means one or more of the following activities:

- (a) opening and operating Bank Accounts;
- (b) services enabling funds to be placed on a Bank Account as well as all the operations required for operating a Bank Account; and
- (c) services enabling funds withdrawals from a Bank Account as well as all the operations required for operating a Bank Account.

An Authorised Firm authorised to carry out regulated activity of Opening and Operating Bank Accounts is subject to prudential supervision and must comply with AIFC Banking Business Prudential Rules.

Currency regulation

Transactions related to this activity are processed in foreign currency only and will be performed via either AIFC Banks or via second-tier banks.

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?		
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:	
	Name of allowed activity:	Opening and maintaining current bank accounts for clients (for lending and investment banking services)
	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	1.3 in the list of financial services.
	Type of currency:	Foreign currency
	Transaction:	Foreign currency transactions can be performed via both AIFC Banks and second-tier banks
	Currency reporting:	No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).



No:	Subrule 3.3.2 of AIFC Rules on Currency Regulation applies.
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For more details see Chapter 4 of PERG.

2.2.26.2. Exclusions

There are none.

2.2.27. Operation of a Payment System

2.2.27.1. General description

Operation of a Payment System is listed in section 27 of Schedule 1 of GEN. It means operation of funds transfer system with formal and standardised arrangements and common rules for the processing, clearing or settlement of payment transactions.

Currency regulation

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?	
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:
	Name of allowed activity: Offering services of Operating a Payment System to Kazakhstan residents is prohibited.
	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation: Not mentioned.
	Type of currency: Not applicable.
	Transaction: Not applicable.
	Currency reporting: No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
No:	Subrule 3.3.2 of AIFC Rules on Currency Regulation applies.

For more details see Chapter 4 of PERG.

2.2.27.2. Exclusions

There are none.

2.2.28. Operating a Multilateral Trading Facility

2.2.28.1. General description

Operating a Multilateral Trading Facility or “MTF” is listed in section 28 of Schedule 1 of GEN, where MTF means a system which brings together multiple third parties buying and selling Investments, rights or interests in Investments, in accordance with its non-discretionary rules, in a way that results in a contract in respect of such Investments.

For more details see AIFC Multilateral and Organised Trading Facilities Rules.

Currency regulation



The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?		
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:	
	Name of allowed activity:	<i>To be completed</i>
	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	-
	Type of currency:	<i>To be completed</i>
	Transaction:	-
	Currency reporting:	No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
No:	Subrule 3.3.2. of AIFC Rules on Currency Regulation may apply (subject to the adoption of the proposal).	

For more details see Chapter 4 of PERG.

2.2.28.2. Exclusions

A Person does not operate a Trading Facility if it operates a facility which is an order routing system where buying and selling interests in, or orders for, financial instruments are merely transmitted but do not interact or consummate a trade.

2.2.29. Operating an Organised Trading Facility

2.2.29.1. General description

Operating an Organised Trading Facility or “OTF” is listed in section 29 of Schedule 1 of GEN, where OTF means a system which brings together multiple third parties buying and selling Investments, rights or interests in Investments, in accordance with its discretionary rules, in a way that results in a contract in respect of such Investments.

For more details see AIFC Multilateral and Organised Trading Facilities Rules.

Currency regulation

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan?		
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:	
	Name of allowed activity:	<i>To be completed</i>



	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	-
	Type of currency:	<i>To be completed</i>
	Transaction:	Not applicable.
	Currency reporting:	No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
No:	Subrule 3.3.2. of AIFC Rules on Currency Regulation may apply (subject to the adoption of the proposal).	

For more details see Chapter 4 of PERG.

2.2.29.2. Exclusions

A Person does not operate a Trading Facility if it operates a facility which is an order routing system, where buying and selling interests in, or orders for, financial instruments are merely transmitted but do not interact or consummate a trade.

2.2.30. Operating a Digital Asset Trading Facility

2.2.30.1. General description

Operating a Digital Asset Trading Facility is listed in section 30 of Schedule 1 of GEN. It means operating a facility which functions regularly and brings together multiple parties

- (a) to buy, sell or exchange Digital Assets for a Fiat currency; or
- (b) to exchange one Digital Asset for another Digital Asset, in its Facility, in accordance with its non-discretionary rules.

Fiat currency means a currency which is issued by or on behalf of the government in its country (or countries) of issuance, and which is designated as legal tender in that or those countries through government decree, regulation or law.

Digital Asset has the same meaning as Private Electronic Currency or Private E-money and means a digital representation of value that:

- (1) can be digitally traded and functions as (a) a medium of exchange; or (b) a unit of account; or (c) a store of value;
- (2) can be exchanged back-and-forth for Fiat Currency, but is neither issued nor guaranteed by the government of any jurisdiction; and
- (3) fulfils the above functions only by agreement within the community of users of the Digital Asset; and, accordingly
- (4) is to be distinguished from Fiat Currency and E-money.

For more details see AIFC Rules on Digital Asset Activities.

Currency regulation

To be completed

For more details see Chapter 4 of PERG.

2.2.30.2. Exclusions

There are none.

2.3. Becoming regulated as an Ancillary Service Provider



2.3.1. Providing Legal Services

2.3.1.1. General description

Providing Legal Services is listed in section 1 of Schedule 2 of GEN. It includes:

- (a) giving legal advice or counsel; or
- (b) drafting or completion of legal documents or agreements; or
- (c) representation in court proceedings or in an administrative adjudicative procedure in which legal pleadings are filed or a record is established as the basis for judicial review; or
- (d) negotiation of legal rights or responsibilities; but excluding acting as a lay representative authorised by an administrative agency or tribunal, serving as a judge, mediator, arbitrator, conciliator or facilitator; and participation in employment negotiations, arbitrations or conciliations.

Rule 1.3.3. of GEN establishes a statutory requirement on registration of at least one (1) employee as a Legal Adviser with the AIFC Legal Services Board for a Person to be eligible to receive a Licence from the AFSA to carry on an Ancillary Service of Providing Legal Services.

With the commencement of Rule 13.3 of COB on 3 May 2023, Ancillary Service Providers licensed to carry on an Ancillary Service of Providing Legal Services will be required at all times to employ at least one (1) Legal Adviser registered with the AIFC Legal Services Board to be eligible to maintain their Licence.

The regime of registration and regulation of Legal Advisers by the AIFC Legal Services Board operates in accordance with the AIFC Legal Services Regulations and Rules of the AIFC Legal Services Board. For more information follow the link: <https://aifc.kz/en/legal-services-regulation>.

Currency regulation

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?		
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:	
	Name of allowed activity:	Legal services
	Relevant reference to Schedule 3 to the AIFC Rules on Currency Regulation:	1.
	Type of currency:	Any currency
	Transaction:	Via AIFC Banks: only foreign currency Via second-tier banks: any currency
	Currency reporting:	No specific reporting for a professional service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
No:	Subrule 3.4.1. of AIFC Rules on Currency Regulation applies.	

For more details see Chapter 4 of PERG.

2.3.1.2. Exclusions



There are none.

2.3.2. Providing Audit Services

2.3.2.1. General description

Providing Audit Services is listed in section 2 of Schedule 2 of GEN. It means:

- (a) performing audit, examination, verification, investigation, certification, presentation or review of financial transactions and accounting records; and
- (b) preparing or certifying reports on audits or examinations of books or records of account, balance sheets, and other financial, accounting and related documents.

For more details see AIFC Auditor Rules.

Currency regulation

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?		
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:	
	Name of allowed activity:	Audit services
	Relevant reference to Schedule 3 to the AIFC Rules on Currency Regulation:	2
	Type of currency:	Any currency
	Transaction:	Via AIFC Banks: only foreign currency Via second-tier banks: any currency
	Currency reporting:	No specific reporting for a professional service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
No:	Subrule 3.4.1. of AIFC Rules on Currency Regulation applies.	

For more details see Chapter 4 of PERG.

2.3.2.2. Exclusions

There are none.

2.3.3. Providing Accountancy Services

2.3.3.1. General description

Providing Accountancy Services is listed in section 3 of Schedule 2 of GEN. It includes:

- (a) advising on matters relating to accounting procedure; and
- (b) recording, presentation or certification of financial information or data, including financial information or data required by any law for the time being in force in the AIFC.

Currency regulation



The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?		
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:	
	Name of allowed activity:	Accounting services
	Relevant reference to Schedule 3 to the AIFC Rules on Currency Regulation:	3
	Type of currency:	Any currency
	Transaction:	Via AIFC Banks: only foreign currency Via second-tier banks: any currency
	Currency reporting:	No specific reporting for a professional service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
No:	Subrule 3.4.1. of AIFC Rules on Currency Regulation applies.	

For more details see Chapter 4 of PERG.

2.3.3.2. Exclusions

There are none.

2.3.4. Providing Consulting Services

2.3.4.1. General description

Providing Consultancy Services is listed in section 4 of Schedule 2 of GEN. It means providing expert knowledge or advice on a particular topic.

Consultancy Services may include the activity of Company service providers. For additional details on Company Service Providers see AIFC Glossary .

The Guidance on Providing Consultancy Services in the AIFC includes, by way of example the following list of services, which require obtaining authorisation from the AFSA:

- (1) Compliance, regulatory, due diligence and risk consultancy (including Shari’ah compliance consultancy);
- (2) Management and business consultancy (including market research) related to Financial Services;
- (3) Tax consultancy;
- (4) Company Service Provider

Currency regulation implications

Subject to the general currency regulation legislation of the Republic of Kazakhstan.

For more details see Chapter 4 of PERG.

2.3.4.2. Exclusions

There are none.

2.3.5. Providing Credit Rating Services



2.3.5.1. General description

Providing Credit Rating Services is listed in section 5 of Schedule 2 of GEN. It means:

- (a) analysis or evaluation of information carried on with a view to issuing or reviewing a Credit Rating; or
- (b) issuing or reviewing a Credit Rating.

Credit Rating is an opinion regarding the creditworthiness of an entity, Security, debt or other financial obligation which is disseminated to the public or distributed to a Person by subscription and expressed using an established and defined ranking system regarding the creditworthiness of the rating subject.

Currency regulation

Subject to the general currency regulation legislation of the Republic of Kazakhstan.

For more details see Chapter 4 of PERG.

2.3.5.2. Exclusions

There are none.

2.4. Becoming regulated as an Authorised Market Institution

2.4.1. Operating an Exchange

2.4.1.1. General description

Operating an Exchange is listed in section 1 of Schedule 4 of GEN.

It means operating a facility which functions regularly and brings together multiple third party buying and selling interests in Investments, in accordance with its non-discretionary rules, in a way that can result in a contract in respect of Investments admitted to trading or traded on the facility.

For more details see AIFC Authorised Market Institution Rules.

Currency regulation

Pursuant to paragraph 2 of Article 5 of the Constitutional Statute on AIFC monetary obligations of trading members on the stock exchange are expressed and executed in currencies determined by the rules of the stock exchange.

For more details see Chapter 4 of PERG.

2.4.1.2. Exclusions

There are none.

2.4.2. Operating a Clearing House

2.4.2.1. General description

Operating a Clearing House is listed in section 2 of Schedule 4 of GEN. It means operating a facility where confirmation, clearance or settlement of transactions in Investments are carried out in accordance with the non-discretionary rules of the facility, under which the Person operating the facility:

- (a) either becomes a Central Counterparty (“CCP”); or
- (b) provides a book-entry Securities Settlement System (“SSS”), regardless of whether or not such a Person also operates a Central Securities Depository.

Acting as a Central Securities Depository means holding Investments in uncertificated (dematerialised) form to enable book entry transfer of such Investments for the purposes of clearing or settlement of transactions on its own facility and on any other similar facility.

For the meaning of “confirmation”, “clearance”, and settlement see GEN. For more details also see AIFC Authorised Market Institution Rules.

Currency regulation



Currency transactions will be performed via AIFC Banks if processed in only foreign currency, and via second-tier banks in any currency. For more details of transactional implications see Chapter 4 of PERG.

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?		
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:	
	Name of allowed activity:	Settlement depository services of Astana International Exchange Central Securities Depository in respect to all securities included in the official list of Astana International Exchange
	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	3.4.3 in the list of financial services.
	Type of currency:	Any currency
	Transaction:	Via AIFC Banks: foreign currency Via second-tier banks: any currency
	Currency reporting:	Quarterly (no later than the 10th day of the month following the reporting month) reports on securities to the AFSA in accordance with Annex 3 to Schedule 5. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
No:	Subrule 3.3.2. of AIFC Rules on Currency Regulation applies.	

For more details see Chapter 4 of PERG.

2.4.2.2. Exclusions

There are none.

2.4.3. Operating a Loan Crowdfunding Platform

2.4.3.1. General description

Operating a Loan Crowdfunding Platform is listed in section 4 of Schedule 4 of GEN. It means:

- (a) operating an electronic platform that facilitates the bringing together of potential lenders and Borrowers; and
- (b) administering a loan agreement that results from operating the electronic platform.

For the meaning of “administering a loan agreement” and “electronic platform” see GEN. For more details see AIFC Authorised Market Institution Rules.

Currency regulation

To be completed

For more details see Chapter 4 of PERG.

2.4.3.2. Exclusions

There are none.



2.4.4. Operating an Investment Crowdfunding Platform

2.4.4.1. General description

Operating an Investment Crowdfunding Platform is listed in section 5 of Schedule 4 of GEN. It means:

- (a) operating an electronic platform that facilitates the bringing together of potential Investors and Issuers who wish to obtain funding for a business or project, resulting in an Investor obtaining an Investment from the Issuer seeking funding; and
- (b) administering an Investment that results from operating the electronic platform.

Operating an Investment Crowdfunding Platform also includes making arrangements for an Investor to sell its Investment.

For the meaning of “administering an Investment” and “electronic platform” see GEN.

It is also possible to operate several types of crowdfunding platforms. For this see guidance in section 5 of Schedule 4 of GEN.

For more details see AIFC Authorised Market Institution Rules.

Currency regulation

To be completed

For more details see Chapter 4 of PERG.

2.4.4.2. Exclusions

There are none.

2.4.5. Operating a Private Financing Platform

2.4.5.1. General description

Operating a Private Financing Platform is listed in section 6 of Schedule 4 to GEN. It means operating an electronic platform which brings together multiple third parties directly or indirectly buying an instrument acknowledging or creating indebtedness arising from the supply of goods or the delivery of services, and includes:

- (a) entering into an arrangement with a party for the purpose facilitating the activity above whether through an intermediary investment vehicle or otherwise;
- (b) facilitating an arrangement described in (a); or
- (c) holding or controlling Client Money or Arranging Custody in connection with an arrangement described above.

For more details see AIFC Authorised Market Institution Rules.

Currency regulation

To be completed

For more details see Chapter 4 of PERG.

2.4.5.2. Exclusions

There are none.

2.5. Becoming regulated as a FinTech Lab participant

2.5.1. Activities performed in FinTech Lab

2.5.1.1. General description

Pursuant to GEN 1.4.1. the following activities can be performed in FinTech Lab:

- (a) the Regulated or Market Activities that are specified in Schedule 1 and 4 of GEN can be carried on by a Person subject to the terms and Licence issued under AIFC Financial Technology Rules.



- (b) a Person may apply to the AFSA for a Licence authorising a Centre Participant to carry on activities not specified in (a).
- (c) for the purposes of (b), the AFSA may grant a Licence for a Person to carry on activities as specified in the Licence.

FinTech means technology-enabled innovation in financial services that could result in new business models, applications, processes or products with an associated material effect on the provision of financial services.

The FinTech Lab is a regulatory environment within the AIFC that allows a Person to Test or Develop the FinTech Activities without being immediately subject to the full set of regulatory requirements under the FSFR and AIFC Financial Technology Rules.

For eligibility criteria for Testing and Developing the FinTech Activities, Licence requirements and possible waivers see AIFC Financial Technology Rules.

Currency regulation

Currency transactions will be performed via AIFC Banks if processed in only foreign currency, and via second-tier banks in any currency. For more details of transactional implications see Chapter 4 of PERG.

The table below illustrates currency regulation implications if services are offered to residents of Kazakhstan that are not AIFC Participants.

Are you planning to offer your services to legal entities or natural persons – residents of Kazakhstan that are not AIFC Participants?		
Yes:	Your services will be subject to the AIFC Rules on Currency Regulation:	
	Name of allowed activity:	See sections 2.2 and 2.3. of PERG for a relevant Regulated or Market Activity.
	Relevant reference to Schedule 2 to the AIFC Rules on Currency Regulation:	Not applicable
	Type of currency:	Not applicable
	Transaction:	Not applicable
	Currency reporting:	No specific reporting for a financial service. Transactional reporting may be applicable (see Chapter 4 of PERG for more details).
No:	Subrule 3.3.2. of AIFC Rules on Currency Regulation may apply.	

For more details see Chapter 4 of PERG.

2.5.1.2. Exclusions

There are none.



3 FINANCIAL PROMOTION AND COMMUNICATION

3.1. AFSA's approach to financial promotion

Pursuant to section 27(1) of the FSFR a "Financial Promotion" is any communication (made via any medium including brochures, telephone calls and presentations) the purpose or effect of which is:

- (a) to promote or advertise (i) Investments or (ii) any Regulated Activity; or
- (b) to invite or induce any Person (i) to enter into an agreement with any Person in relation to Investments or (ii) to engage in any Regulated Activity.

A Centre Participant may not make a Financial Promotion except as provided by or under the FSFR and Rules relating to the circumstances in which a Centre Participant may make, or will be deemed to make, a Financial Promotion, and the form and content of such Financial Promotion.

3.1.1. Requirements for communications

Pursuant to section 3.2.1. of the COB an Authorised Firm must ensure that:

- (a) any communication with a Client in relation to a Financial Product or Financial Service; or
- (b) any Financial Promotion that it communicates or approves,

is fair, clear and not misleading.

A "communication" includes:

- (a) a Financial Promotion;
- (b) a client agreement;
- (c) terms of business;
- (d) Financial Product terms and conditions;
- (e) a mandate;
- (f) a power of attorney entered into for the purposes of a Financial Product or Financial Service; and
- (g) any other communication which relates in whole or in part to the provision of a Financial Product or Financial Service.

3.1.2. Financial Promotions

Pursuant to section 27 of the FSFR an unauthorised Person must not make a Financial Promotion in relation to a Regulated Activity or Market Activity.

There are three circumstances for making Financial Promotions pursuant to COB 3.3.1:

- (1) if they are made by Authorised Firms;
- (2) if their content was approved by an Authorised Firm; or
- (3) the communication is considered as Exempt Financial Promotion.

For the Purposes of COB 3.3.1. a person who makes Financial Promotion is called "Authorised Promoter".

Any Authorised Firm must either have authorisation from the AFSA or fall within an exemption conferred by the AIFC Acts before it approves the content of a Financial Promotion.

Approval must be intended to allow unauthorised Firms to transmit Financial Promotions without breaching the restriction. Although the requirement is that approval relates to the content of communications, approval should relate specifically to that part of a communication which promotes an invitation or inducement as opposed to the whole communication.

Before Authorised Firms give their approval to unauthorised Firms, they need to make sure that promotions comply with the relevant conduct rules contained in COB (including the promotions to be fair, clear and not misleading).



Authorised Firms must not approve financial promotions if the promotions will be made in the course of a personal visit, telephone conversation or other interactive dialogue.

When an Authorised Firm approves a financial promotion, it must ensure that the promotion is fair, clear, and not misleading. If at a later stage they find out that promotions which they have approved no longer comply with the rules, they must withdraw their approval and notify anyone who is relying on it as soon as possible.

An Authorised Firm that communicates or approves a financial promotion must have put in place adequate systems and controls, or policies and procedures, to comply with COB.

In addition, a firm must ensure that information presented is accurate and always gives a fair and prominent indication of any relevant risks when referencing any potential benefits.

The following key elements must be considered to determine whether there is a Financial Promotion:

- (a) is there an invitation or inducement?
- (b) has it been communicated?
- (c) is it made during the course of business?
- (d) is the purpose or effect of the communication that a person will engage in investment activity or any Regulated Activity?

Under the Financial Promotion regime, promotions can be real time or non-real time, and real time promotions are subdivided to solicited or unsolicited promotions.

Real time promotion

Real-time promotions are promotions made in the course of a personal visit, telephone conversation or other interactive dialogue. Scope for interaction is essential if a Financial Promotion is to be a real-time communication. For example, a telephone call is not the same thing as a telephone conversation. A call can be made by an intelligent automated machine asking questions, however, this is not an interactive dialogue any more than a questionnaire or electronic decision tree. Broadly speaking, a real-time communication is one which enables interaction at the time it is made.

Non-real time promotion

Non-real-time promotions are promotions which are not real-time communications. They include dialogues which take place by letter, email or in a publication. In this context a "publication" includes newspapers, journals, magazines or other periodical publications, websites or similar systems for the electronic display of information, television or radio programmes and teletext services.

Meetings and presentations will be real-time communications, however slides, handouts and other visual aids made available during presentations and meetings will be non-real-time communications. Other communications which may exist in enduring form and which will be non-real-time communications include videos, audio cassettes, bulletin boards, websites and recorded telephone messages. Messages placed on internet chat-rooms will also be non-real-time communications.

Radio or television programmes or teletext services may contain communications that involve an interactive dialogue, for example, a communication made by the broadcaster and addressed to an interviewee studio guest, a member of the audience or a person who speaks to the broadcaster by telephone. However, these will always be non-real-time communications.

The Financial Promotion restriction is meant to catch the activities of people, rather than the media through which the activity in question is conducted, and is intended to be media-neutral. Internet publications are therefore treated in the same way as documents posted to specific recipients or published in newspapers as they are non-real time promotions.

Solicited real time promotion

A solicited real-time financial promotion is a communication made in the course of a personal visit, telephone conversation or other interactive dialogue which:



- (a) is initiated by the recipient, or
- (b) takes place in response to an express request from the recipient of the communication.

Real-time communications will only be solicited if it is clear from all the circumstances that they concern the kind of controlled activities or investments envisaged by the recipient at the time they initiate or request the communication. All the circumstances in which a call, visit or dialogue is requested or initiated need to be taken into account.

Unsolicited real time promotion

An unsolicited real-time promotion is the regulatory term for a cold call and it is defined as real-time communications which is not solicited.

More detailed definition, examples of and restrictions with regard to Unsolicited Real Time Financial Promotions are given in COB 3.4.

Promotion by crowdfunding platform

Pursuant to Rule 7.3.9 of the AIFC Authorised Market Institution Rules an Authorised Crowdfunding Platform must not advertise a specific lending or Investment proposal that is available on the Authorised Crowdfunding Platform. The Authorised Crowdfunding Platform must take reasonable steps to ensure that Borrowers or Issuers that use platform do not advertise the lending or Investment proposal, unless the advertisement is made on the platform and is accessible only to existing Clients who use the Authorised Crowdfunding Platform.

3.1.3. Exempt Financial Promotions

For the purposes of COB 3.3.1(c), a communication is an exempt Financial Promotion if it is:

- (a) directed at and capable of acceptance exclusively by a Person who is believed by the Person making the Financial Promotion, on reasonable grounds, to be a Professional Client or Market Counterparty;
- (b) made to a Person as a result of an unsolicited request by that Person to receive the Financial Promotion;
- (c) made or issued by or on behalf of a government or non-commercial government entity, (including a central bank);
- (d) made by a Person in the course of providing legal or accountancy services and may reasonably be regarded as incidental to and a necessary part of the provision of such services;
- (e) included in a Prospectus approved by the AFSA in accordance with MAR; or
- (f) included in any document required or permitted to be published under the Listing Rules.

A communication is exempt from the provisions related to Unsolicited Real Time Financial Promotions when it is an image advertising consisting of:

- (a) the name of the Authorised Promoter;
- (b) a logo or other image associated with the Authorised Promoter;
- (c) a contact point; and
- (d) a reference to the types of Financial Product or Financial Service provided by the Authorised Promoter, or to its fees.

3.1.4. Other exclusions from the Financial Promotions Prohibition

The requirements with regard to Financial Promotions do not apply to certain categories of Centre Participants:

- (a) a Representative Office;
- (b) a MTF Operator and an OTF Operator.

Provisions with regard to Unsolicited Real Time Financial Promotions do not apply to Market Counterparty Business.



4 CURRENCY REGULATION

4.1. Currency residency in the AIFC

AIFC Rules on Currency Regulation recognise the following persons as residents:

- (a) AIFC Participants;
- (b) individuals and legal entities, as well as branches (and representative offices) of foreign entities recognised as residents under the Law of the Republic of Kazakhstan "On Currency Regulation and Currency Control".

This chapter outlines the regulator's approach to currency regulation in the AIFC of services provided by AIFC Participants, and transactions of AIFC banks.

4.2. Currency regulation for AIFC participants

4.2.1. Services of AIFC participants (except AIFC banks)

4.2.1.1. General description

AIFC Rules on Currency Regulation define conditions and procedure for provision of financial and related services, and provision of professional services.

Transactions related to these services can be performed via bank accounts of the AIFC participants opened in second-tier banks of Kazakhstan or AIFC Banks.

The list of financial and related services is given in Schedule 2 of the AIFC Rules on Currency Regulation.

The list of professional services is given in Schedule 3 of the AIFC Rules on Currency Regulation.

4.2.1.2. Types of services

Provision of financial and related services to other AIFC participants (residents) and non-residents

AIFC participants may provide financial services to other AIFC participants and non-residents in accordance with their AFSA licence in national or foreign currency.

The requirements are listed in section 3.3.2. of the AIFC Rules on Currency Regulation and basically require:

- (i) using bank accounts in second-tier banks of Kazakhstan for financial services to be rendered both in national and foreign currency; and
- (ii) using bank accounts in AIFC banks for financial services to be rendered in foreign currency only.

Provision of professional services to other AIFC participants (residents) and non-residents

AIFC participants may provide professional services to other AIFC participants and non-residents in accordance with the list approved by AFSA, in any currency.

The requirements are listed in section 3.4.1. of the AIFC Rules on Currency Regulation and follow the same approach:

- (i) using bank accounts in second-tier banks of Kazakhstan for professional services to be rendered both in national and foreign currency; and
- (ii) using bank accounts in AIFC banks for professional services to be rendered in foreign currency only.

Provision of financial and related services to residents that are not AIFC participants



AIFC participants provide financial and related services to residents that are not AIFC participants in accordance with the list of financial services and in the currency set out in Schedule 2 to the AIFC Rules on Currency Regulation, subject to the Acting Law of the AIFC or legislation of Kazakhstan.

The requirements are listed in section 3.3.3. of the AIFC Rules on Currency Regulation and follow the same approach:

- (i) using bank accounts in second-tier banks of Kazakhstan for financial and related services to be rendered both in national and foreign currency; and
- (ii) using bank accounts in AIFC banks for financial and related services to be rendered in foreign currency only.

Provision of professional services to residents that are not AIFC participants

AIFC participants may provide professional services in any currency to residents that are not AIFC participants in accordance with the list set out in Schedule 3 the AIFC Rules on Currency Regulation.

The requirements are listed in section 3.7. of the AIFC Rules on Currency Regulation and follow the same approach:

- (i) using bank accounts in second-tier banks of Kazakhstan for professional services to be rendered both in national and foreign currency; and
- (ii) using bank accounts in AIFC banks for professional services to be rendered in foreign currency only.

4.2.1.3. Prohibitions

The following transactions can be carried out only via bank accounts of AIFC Participants opened in second-tier banks of Kazakhstan:

- (i) related to export or import of goods, works, services;
- (ii) exchange transactions using the national currency;
- (iii) transactions subject to assignment of registration number in accordance with the currency legislation of Kazakhstan.

4.2.2. Transactions of AIFC banks

4.2.2.1. General description

AIFC Rules on Currency Regulation define conditions and procedures for the currency transactions provided by the following AIFC banks:

- (a) AIFC banks that are not Islamic Banks;
- (b) AIFC banks that are Islamic Banks.

4.2.2.2. Types of transactions

Performed by AIFC banks, including Islamic Banks

AIFC banks, including Islamic banks, may:

- (a) open bank accounts in other banks, including foreign banks, and transfer own funds using such bank accounts in national or foreign currency (subject to the requirements in the acting AIFC Law and legislation of Kazakhstan);
- (b) open bank accounts for residents that are AIFC participants and non-residents (opening of savings (deposit) account for residents is prohibited to AIFC banks) and make payments or money transfers using such accounts (subject to the requirements set out in the AIFC Rules on Currency Regulation);
- (c) open correspondent accounts in the second-tier banks of Kazakhstan in accordance with the procedure established by the legislation of Kazakhstan and carry out transactions using such



- correspondent accounts (subject to the requirements set out in the AIFC Rules on Currency Regulation or the legislation of Kazakhstan);
- (d) open savings (deposit) accounts in foreign currency for non-residents, and AIFC participants the controlling shareholder of which is non-resident;
 - (e) carry out transactions envisaged by Schedule 4 to AIFC Rules on Currency Regulation through their correspondent accounts in national currency in second-tier banks of Kazakhstan.

AIFC Islamic Banks may:

- (a) open bank accounts in the national currency for residents, including AIFC participants and non-residents for the purposes related to Islamic financing;
- (b) open savings (deposits) accounts for residents (including AIFC participants), subject to the provisions in subparagraph (d) of paragraph 3.1.3 of the AIFC Rules on Currency Regulation.

4.2.2.3. Prohibitions

AIFC banks that are not Islamic Banks

AIFC banks are prohibited to:

- (a) open bank accounts in the national currency for residents (including AIFC participants), and non-residents;
- (b) open savings (deposits) accounts for residents (including AIFC participants) (except for AIFC participants the controlling shareholder of which is non-resident);
- (c) carry out transactions of residents related to export or import of goods, works, services, or transactions subject to assignment of registration number in accordance with the currency legislation of the Republic of Kazakhstan;
- (d) carry out exchange transactions under instructions of clients using national currency, except for the cases of executing the instructions of clients as part of transactions set out in Schedule 4 to the AIFC Rules on Currency Regulation;
- (e) make payments or money transfers with respect to the services which are, under the Acting Law of the AIFC or the legislation of RK, prohibited to be provided by AIFC participants to residents that are not AIFC participants;
- (f) provide services to residents that are not AIFC participants, the provision of which by AIFC banks is prohibited in accordance with the Acting Law of the AIFC or the legislation of RK; and
- (g) carry out transactions through correspondent accounts in the national currency in STBs of RK that are not in the list set out in Schedule 4 to the AIFC Rules on Currency Regulation.

AIFC banks that are Islamic Banks

Islamic banks of the AIFC are prohibited to:

- (a) carry out transactions of residents related to export or import of goods, works, services or transactions subject to assigning of registration number in accordance with the currency legislation of the Republic of Kazakhstan;
- (b) carry out exchange transactions under instruction of clients using the national currency;
- (c) make payments or transfers of clients' money for the services not related to Islamic financing;
- (d) provide services to residents that are not AIFC participants, the provision of which by Islamic banks of the AIFC is prohibited in accordance with the Acting law of the AIFC or the legislation of RK.

4.2.3. Transactions of non-AIFC participants (except non-AIFC banks)

4.2.3.1. General description

Residents of Kazakhstan that are not AIFC participants are legal entities and individuals of the Republic of Kazakhstan.

4.2.3.2. Prohibitions

Residents that are not AIFC participants, are prohibited to carry out the following transactions through the AIFC Banks:



- (a) related to export or import of goods, works, services;
- (b) exchange transactions using the national currency;
- (c) transactions subject to assignment of registration number in accordance with the currency legislation of Kazakhstan.

4.2.4. Transactions of non-AIFC banks

Transactions of non-AIFC banks are not regulated by the AIFC Rules on Currency Regulation.

4.2.5. Payments or money transfers on transactions of residents and non-residents in the AIFC

Section 4 of the AIFC Rules on Currency Regulation contains provisions regulating payments or money transactions of residents and non-residents in the AIFC.

Such payments or money transfers on foreign exchange transactions are carried out through bank accounts in AIFC banks or the second-tier banks of Kazakhstan.

Bank transfers between the AIFC bank from the accounts of the AIFC participants to their accounts in a second-tier bank of Kazakhstan and vice-versa are made in foreign currency.

Section 4.3 of the AIFC Rules on Currency Regulation sets conditions for payments or money transfers for client transactions.

The list of identifying documents and information to be provided to the AIFC bank by the client includes the following documents and information:

- (a) currency contract (for transactions in the equivalent of over USD 10,000);
- (b) BIN;
- (c) if the client is a legal entity or an organisation that is not legal entity - documents defining the country of registration and the founders of the entity or organisation, if these documents have not been submitted or have been changed.

The AIFC bank must have sufficient identification information about the client to determine the client's residency, link to the AIFC public register and, if applicable, client's status as an AIFC participant as listed in section 4.3.(b) of the AIFC Rules on Currency Regulation.

The information considered as sufficient identification information about the client is listed in section 4.3.(c) of the AIFC Rules on Currency Regulation.

Section 4.3. (d) sets the conditions when the AIFC bank must refuse to make a payment or to transfer money to the client.

4.2.6. Exchange transactions in the AIFC

A purchase or sale of foreign currency can be carried out only through AIFC banks or second-tier banks of Kazakhstan under the following requirements:

- (a) a request needs to indicate the purpose of the transaction;
- (b) when performed with non-cash foreign currency for the national currency it is carried out solely through second-tier banks of Kazakhstan;
- (c) when performed with non-cash foreign currency for other non-cash foreign currency it can be carried out through AIFC banks or second-tier banks of Kazakhstan;
- (d) when performed with foreign currency in cash it is carried out through second-tier banks of Kazakhstan or through legal entities authorised by the National Bank of Kazakhstan.

4.3. Currency reporting of AIFC participants

4.3.1. Reporting on services



Annex 3 to Schedule 5 to the AIFC Rules on Currency Regulation require AIFC participants providing depository and brokerage services in accordance with their AFSA Licence submitting quarterly (no later than the 10th day of the month following the reporting month) reports on securities to the AFSA.

The information is provided electronically through secure communication channels with confirmation by an electronic digital signature.

There is no other service specific reporting under the AIFC Rules on Currency Regulation.

4.3.2. Reporting on transactions

AIFC Participants must provide information for the purposes of currency regulation with regard to the following:

- (a) information on payments and (or) money transfers on currency transactions carried out by AIFC banks, including on behalf of clients, as well as by a second-tier bank of Kazakhstan on behalf of AIFC participants;
- (b) information on resident clients' transactions and the status of their accounts provided by AIFC banks;
- (c) information on deals and transactions carried out by AIFC participants, including on behalf of clients, that affected the change in requirements for non-residents and obligations in front of them;
- (d) information on transactions with securities and derivatives carried out by AIFC participants with non-residents;
- (e) information on income accrued and received from foreign exchange transactions with financial instruments of AIFC participants.

The information is provided electronically through secure communication channels with confirmation by an electronic digital signature.

The AIFC participant provides the AFSA with information on the contract, on the basis of and pursuant to which capital movement transactions are carried out, for an amount equal to or exceeding the equivalent of USD 500,000, in accordance with Annex 4 to Schedule 5 to the AIFC Currency Rules. The information is provided before the expiration of 30 (thirty) calendar days from the date of commencement of payments under this contract.



5 UNREGULATED ACTIVITIES

5.1. AFSA's approach to unregulated activities

5.1.1. AIFC Participants

While Persons applying to carry on Regulated Activities, Market Activities, Ancillary Services, and FinTech Lab Activities must be authorised, and must be registered/incorporated in the AIFC, not all companies registered/incorporated in the AIFC require an authorisation.

Those activities that are not listed as Regulated Activities, Market Activities, Ancillary Services and FinTech Lab Activities, could be registered/incorporated without authorisation.

5.1.2. Non-AIFC Participants

The Astana International Finance Centre is not the exclusive preserve of the AIFC Participants. Non-AIFC Participants established inside the territorial (geographical) boundary of the AIFC in the city of Astana can carry on trading, even in financial services, under the general law of the Republic of Kazakhstan and still remain unconnected to the AIFC. These others, in governing their affairs, remain subject to the Acting Law of Kazakhstan. Banks and other financial institutions can stay in the Centre without joining the Centre's legal arrangements but complying with the general requirements in Kazakhstan concerning financial regulating in particular. Unless they register as the AIFC Participants, or make Financial Promotion the regulatory regime of the AFSA will not extend to them.



6 MISCELLANEOUS

Certain AIFC Participants who are not authorised or licensed by the AFSA will be subject to the AIFC Anti-Money Laundering, Counter-Terrorist Financing and Sanctions Rules if their activities constitute them being Designated Non-Financial Business and Profession (DNFBPs).

The following class of persons whose business or profession is carried on in or from the AIFC constitute DNFBPs:

- (a) A real estate developer or agency which carries out transactions with a customer involving the buying or selling of real property;
- (b) A dealer in precious metals or precious stones;
- (c) A dealer in any saleable item of a price equal to or greater than USD 15,000
- (d) A law firm, notary firm, or other independent legal business;
- (e) An accounting firm, audit firm, or insolvency firm; or
- (f) A Company service provider; or
- (g) A Single Family Office.

Be reminded that a person who is an Authorised Person or a Registered Auditor is not a DNFBP.

The AFSA may conduct reviews and inspections of DNFBPs to perform its AML and CFT responsibilities, including as part of its risk-based approach to supervision. In addition, DNFBPs must provide an annual AML return to the AFSA.