



20 | ANNUAL REPORT

23 | on the activities of the Astana
International Financial Centre



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2023 Highlights

AIFC
participants

2,395

2023: +657

Completed AIFC Court
and IAC cases

2,400

2023: +755

Astana's position in
GFCI'34

#60

2023: +6 positions

Capital raised
on AIX

\$4.6 bn

2023: +US\$2 bn

Total trading
on AIX

\$582 mn

2023: 3.4x growth
compared to 2022

Retail investor
accounts on AIX

1.5 mn+

2023: +1 mn

Investment raised
via AIFC

\$10.9 bn

2023: +US\$3 bn

Taxes paid by
AIFC participants

₸85.2 bn

2023: +KZT 37 bn

Local jobs created by
AIFC participants

7,330

2023: +780

The AIFC at a Glance

The AIFC is a leading financial centre in Central Asia and Eastern Europe

Established in 2018, the Astana International Financial Centre (AIFC or Centre) is a leading financial hub in the Central Asia and Eastern Europe region, offering an independent jurisdiction and a highly favourable legal and regulatory environment, as well as a well-established financial infrastructure and a focus on innovation and expertise.

Jurisdiction based on the principles of common law

The AIFC adheres to a special legal regime based on the principles, legislation and precedents of the law of England and Wales, as well as the standards of leading global financial centres, providing a safe environment for investors.



Internationally recognised regulator

The Astana Financial Services Authority (AFSA) has implemented all IOSCO, IAIS and Basel committee standards, meaning that AIFC-related financial services are offered and provided responsibly, reputably and honestly, in clients' best interests.



Independent judicial system

The AIFC operates an independent judicial system, employing judges from England and Wales to resolve civil and commercial disputes. Many overseas investors have already used the AIFC Court and International Arbitration Centre (IAC) to successfully protect their interests.



Integrated capital market in Central Asia

The AIX, whose main shareholders include the Shanghai Stock Exchange, Silk Road Fund and NASDAQ, (which provides the AIX trading platform), offers businesses and investors a range of innovative services and products.



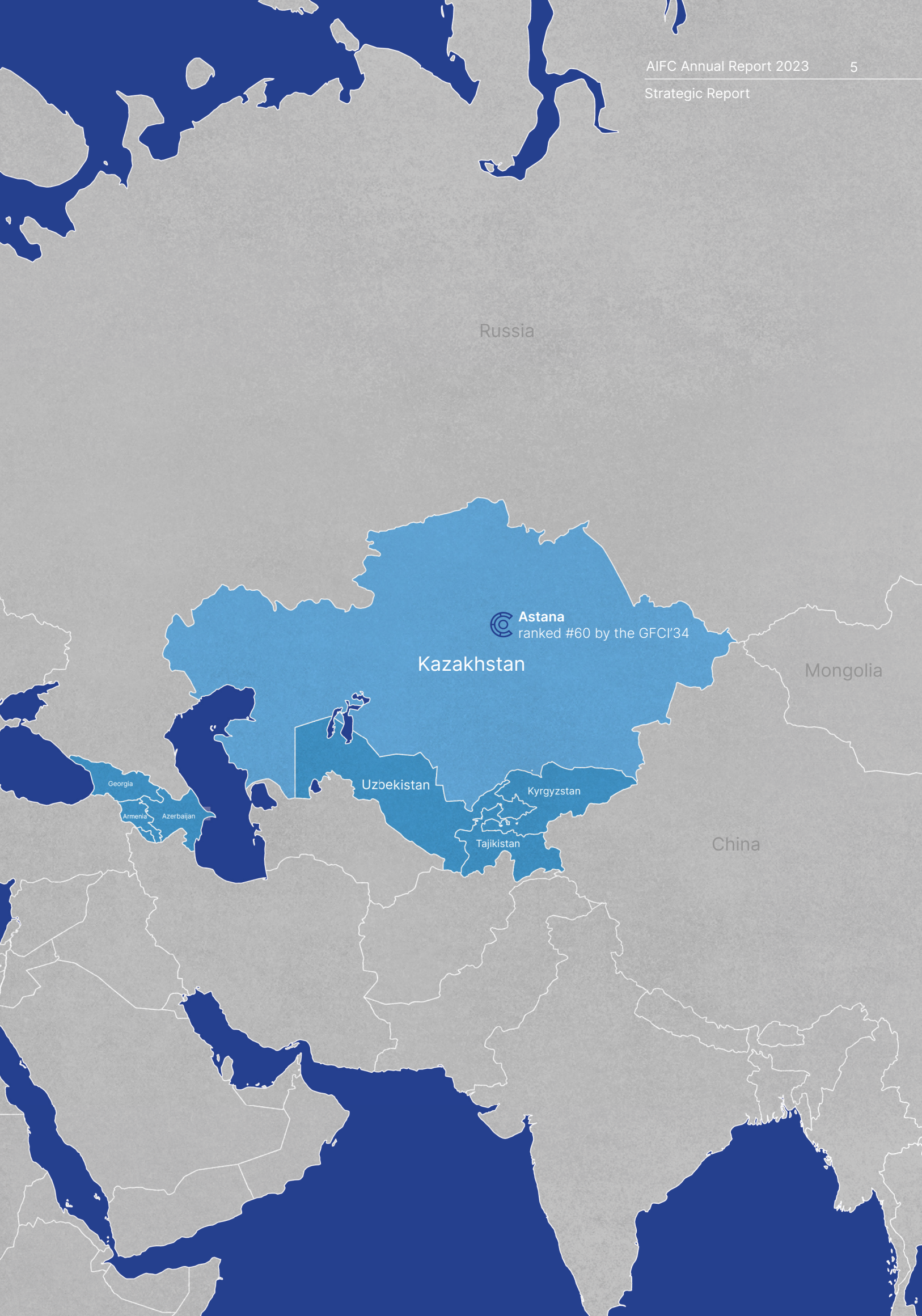
Customer-centric and product-oriented

The Centre offers strong leadership positions in terms of its financial market products and services and provides a one-of-a-kind advanced framework for alternative innovative financing that is unparalleled in the region.



Access to Central Asia and beyond

Thanks to its strategic location, the AIFC delivers an attractive investment environment in which to service the growing Central Asian and CIS markets, with their combined GDP of \$723.3 bn and population of 134 mn.



Russia

 **Astana**
ranked #60 by the GFCI'34

Kazakhstan

Mongolia

Georgia

Uzbekistan

Kyrgyzstan

Armenia

Azerbaijan

Tajikistan

China

Creating an Environment for Investment

The AIFC provides a cutting-edge legal framework based on the principles, standards and precedents of the law of England and Wales and the highest standards of the world's leading financial centres.

2023 year-end

\$10.9 bn

of investment in Kazakhstan via AIFC

₸85.2 bn

of taxes paid by AIFC participants

#60 ranking

by the GFCI'34 globally
(compared to No. 88 in 2018)

Developing Capital Markets

The AIFC is a hub for financial activity and investment across the region, enabling businesses to connect with global markets and access funding from a diverse range of sources.

The AIX fosters reliable and liquid capital markets in Central Asia and beyond, by offering cutting-edge solutions and services that cater to the needs of both companies and investors.

2023 year-end

\$4.6 bn

of debt and equity capital raised via AIX

1.5 mn+

retail investor accounts on AIX

\$582 mn+

trading volume on AIX
(3.4x more than 2022)

Delivering Value to Customers through Product Variety

The AIFC offers an exceptional environment and dynamic ecosystem with remarkable growth potential, one which caters to businesses of all kinds. It also provides a one-of-a-kind advanced framework for alternative innovative financing based on the best global standards and practices.

2023 year-end

2,395

AIFC participants

718 firms

offering financial services in the AIFC

\$1 bn

of assets under management
(170% increase from 2022)

Statement from the AIFC Governor

2023 has been another year of significant accomplishments for the AIFC. Throughout the year, we remained committed to our three strategic pillars of creating an environment for investment, developing capital markets and building a customer-centric organisation with a diverse product range. These efforts are central to our mission of fostering economic growth and prosperity in Kazakhstan.



Creating an environment for investment

The AIFC remained committed to bolstering investment opportunities in Kazakhstan, refining frameworks and introducing novel initiatives tailored to accommodating emerging sectors such as the digital assets market. We maintained our clear objective to help attract investment to Kazakhstan, leveraging our unique legal mechanism based on business-friendly AIFC Law and standards adopted from leading financial centres, and integrated seamlessly into the country's financial markets.

The AIFC Court and International Arbitration Centre have rapidly gained the business community's trust as premier international dispute resolution institutions in Central Asia protecting legal rights and adhering to international standards, handling a record 755 cases in 2023.

The centre's regulatory strength lies in adhering to recognised international standards, with the AFSA forging

partnerships with global financial services regulatory bodies. In 2023, our regulatory excellence received recognition from IOSCO and EAG in terms of AML/CFT further, bolstering investor confidence in our regulatory framework.

Trust in the AIFC legal infrastructure led to significant deals structured by the Kazakhstan government and quasi-state entities, facilitating progress across various sectors, including transport, logistics, renewable energy and information technology. AIFC-facilitated joint ventures, such as Caspian Integrated Maritime Solutions and Kazakhstan Temir Zholy partnerships in frames of the Middle Corridor, and renewable energy collaborations, highlight our commitment to sustainable development and economic growth.

We remain committed to ensuring Kazakhstan is seen as an appealing destination for investors, and in 2023, we saw a record number of new registrations, with 657 companies

joining the AIFC community, bringing the total to around 2,400 participants from 78 countries. In surpassing our target, AIFC supported about US\$11 bn in investments ahead of schedule, which equates to over KZT 85 bn in taxes in 2023, highlighting the AIFC's role in fostering economic growth and development in Kazakhstan.

The combined efforts, ensured that we maintained our position as the top financial centre in Central Asia and Eastern Europe, ranking 60th worldwide.

Developing capital markets

Our second major focus is on developing the capital market, which involved expanding our investor base by attracting both local and external investors to the Astana International Exchange (AIX), achieving significant milestones in 2023, such as rapid growth in the number of retail investors, trading volume and debt capital raised.

The redomiciliation of Polymetal International was a pivotal event in 2023, marking a significant turning point in trust in the AIFC as a financial hub and attracting several major global custodian banks and investors. Total AIX trading surged 3.4x fold to US\$582 mn, while debt capital raised exceeded US\$2 bn, marking a 262% increase year-on-year. Our retail investor-focused trading application TABYS, offering a variety of financial products, contributed to the increase in the number of active investors, with 45,600 accounts and a total investment of US\$4.2 mn.

Facilitating major company listings such as KEGOC, which raised approximately 18% of total funds through its AIX SPO, underscores our commitment to market development. Notably, half of approved AIX applications were processed through TABYS and local bank mobile apps, indicating the growing digitalisation of financial transactions.

In 2023, the AIX introduced a liquidity management programme for local businesses and a new debt product tailored for SMEs to support growth and development, reflecting our commitment to enhancing liquidity and broadening the range of instruments available to investors.

Looking ahead, our focus will shift to business development through the expansion of issuer numbers, introducing new products, and implementing initiatives aimed at fostering growth and innovation on the exchange.

Delivering Value to Customers through Product Variety

The AIFC culture revolves around customer-centricity, efficiency, transparency and innovation, which helped us register notable advancements in 2023 such as product offering diversification.

Facilitating the transition to environmentally friendly energy sources has been a priority in Kazakhstan's sustainable financing agenda, with the sustainable finance market in Kazakhstan currently valued at US\$558 mn, and green bonds and loans comprising 75% of that total. The efforts of the Green Finance Centre (GFC) in achieving

this figure cannot be overstated, as it played a key role in building the regulatory foundation for these initiatives.

We take immense pride in the GFC's exclusive accreditation by the Climate Bonds Initiative (CBI) in Central Asia, as well as its recognition from the International Capital Markets Association as an external assessment provider. This recognition has solidified its leadership in the sustainability verification of financial instruments. In 2023, the GFC verified around 60% of green bonds and loans in Kazakhstan, demonstrating its significant influence in the broader Central Asian region.

In 2023, the GFC introduced groundbreaking financial instruments, such as the first CBI-certified green bond in Central Asia, inaugural Sustainability-Linked Bond (SLB). We also promoted social financing gender bonds, whose goal is to empower women and reduce gender inequality.

Our sustainable financing expertise is in high demand across the region. For example, we played a key role in issuing the first green bonds in Kyrgyzstan and Uzbekistan, which helped emphasise the AIFC's transformative impact in fostering sustainable financing across Central Asia.

We are also committed to creating a conducive environment for Islamic investors and financial institutions, enhancing the Islamic financial infrastructure within the AIFC, and attracting Islamic financial companies and issuers of Islamic securities. These efforts will facilitate investments and promote the growth of the real sector of our country's economy.

Promoting innovation is a core aspect of the AIFC's mission and we are striving to establish ourselves as a global financial hub through our sophisticated FinTech ecosystem, including a regulatory sandbox for fintech start-ups. In 2023, a major fintech pilot project tested fiat gateways for crypto providers with Kazakhstan banks, resulting in US\$240 mn in transactions and good client engagement. Its successful outcome prompted the AFSA and national regulators to adopt new regulations in close consultation with the market.

The AIFC has emerged as a hub for blockchain technology, with major industry players like Binance, BitFinex and Bitfury establishing a presence at the Centre, alongside licensed platforms such as Bybit and BigOne.

Looking ahead

In 2024, we will further refine our efforts by allocating additional resources to three areas: developing the asset management market, the digital assets market and increasing the liquidity of the stock market. We will also prioritise attracting private portfolio capital and private equity to local companies, and our focus will remain on increasing the number of financial service providers within the AIFC, with an emphasis on supporting the continued growth of fund and asset management businesses.

As we have done since the establishment of AIX, AIFC will continue to deliver new products and markets. Carbon trading is an integral part of the global path to net zero and we are working with the various government agencies on developing options for further development of emissions trading in Kazakhstan. Similarly, we are looking at markets that will ensure the country obtains a fair price for its commodity exports.

Finally, we are investing in human capital development, both internally and through the relaunch of our industry education efforts through AIFC A-Pro. Ultimately, AIFC will only succeed if we and the industry have the best people in the region and our efforts in this area reflect this.

Renat Bekturov
AIFC Governor

Focus on Astana

The Global Financial Centres Index (“GFCI”) is the world’s most authoritative comparison of the competitiveness of the world’s leading financial centres, and incorporates criteria such as business environment, financial sector development, infrastructure, human capital, reputation and a number of general factors.

The AIFC was the catalyst for Astana to be introduced to the GFCI ranking in 2018. In the most recent GFCI report from September 2023, Astana retained 1st place in the Eastern Europe and Central Asia region ranking, and placing 60th globally out of 121, marking a significant improvement from its initial entry in 2018 at 88th.

These results align with AIFC’s strategy to gain international recognition as a financial centre and highlight increasing financial literacy, both on an individual and country level.

Eastern European and Central Asian Centre rankings in GFCI’34 (September 2023)

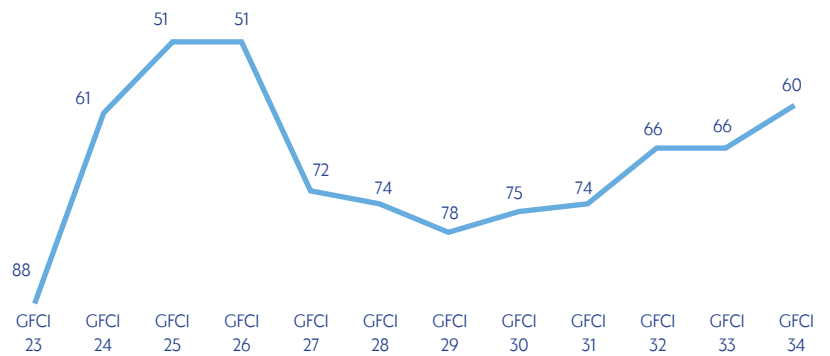


The Global Financial Centres
Index 34

Centre	Country	Rank
Astana	 Kazakhstan	60
Prague	 Czech Republic	79
Tallinn	 Estonia	87
Riga	 Latvia	89
Warsaw	 Poland	92
Cyprus	 Cyprus	93
Athens	 Greece	96
Vilnius	 Lithuania	97
Sofia	 Bulgaria	101
Budapest	 Hungary	107
Almaty	 Kazakhstan	109
Istanbul	 Turkey	110
Bratislava	 Slovakia	112
Moscow	 Russia	114
Baku	 Azerbaijan	116
St Petersburg	 Russia	118



Global recognition of the Astana International Financial Centre



The AIFC and city of Astana serve as a one-stop shop for global investors by providing access to financial and professional services and investment facilities, as well as a bridge for businesses in the region to enter international markets.

Compliance with global standards

The AIFC is committed to global **tax transparency** standards, as well as combating **money laundering** and the **financing of terrorism**.



In 2023, the AIFC underwent EAG Mutual Evaluation for compliance with international FATF standards



In 2022, the AIFC was confirmed to be compliant with global tax transparency standards (OECD BEPS)



In 2018, the AIFC joined the World Alliance of International Financial Centres, which represents 19 top financial centres across four continents, fostering cooperation and the sharing of best practices, as a founding member



Investment Climate

Nestled in the heart of Central Asia, Kazakhstan has emerged as a silent force in the global investment arena. It boasts one of the region's most stable and burgeoning economies, steadily etching its presence onto the international investment landscape. By the close of 2023, Kazakhstan had solidified its position, constituting 60% of the entire Central Asian economy.

Over the last years, the nation has undergone a remarkable transformation, positioning itself as a premier destination for investment. This evolution is underpinned by various factors, including its strategic geographic location at the crossroads of major continents, abundant natural resources, a suite of investment-friendly policies, and a growing talent pool of top-tier professionals.

Expansive economic growth prospects in Kazakhstan

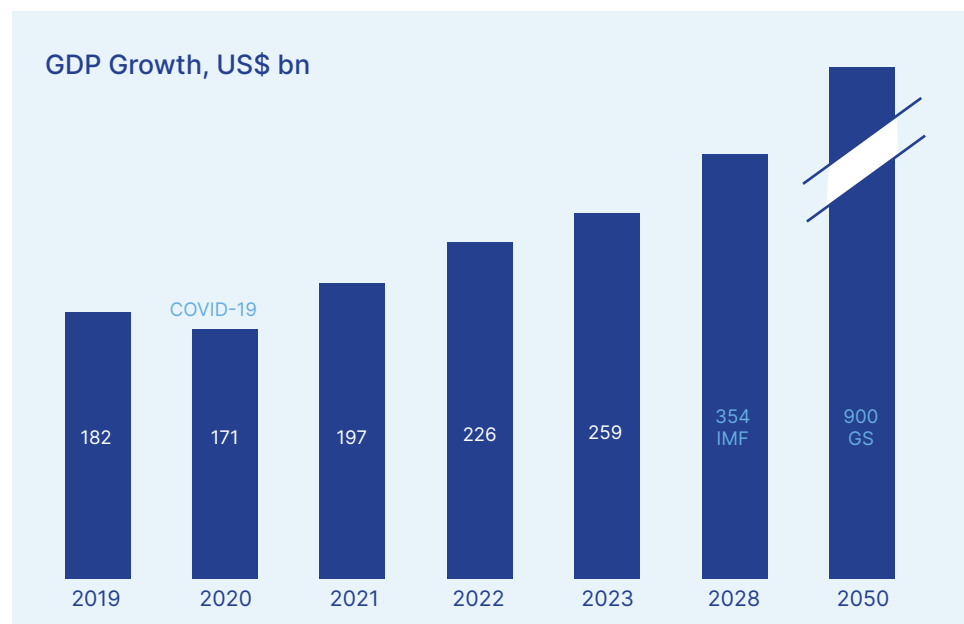
The past year has seen a complex mix of global economic trends, including persistent inflationary pressures in many economies, shifts in global trade patterns due to ongoing geopolitical tensions, and significant advancements in technology and sustainable finance. Despite these challenges, in 2023, Kazakhstan's GDP surged by 5.1%, showcasing robust economic growth. This momentum extended to foreign trade turnover, which increased by 3.2% to US\$139.8 bn, resulting in a positive trade balance exceeding US\$17.5 bn. Notably, investments in fixed capital soared by 13.7% to US\$39.5 bn, signalling confidence in Kazakhstan's economic outlook. Interestingly, the investment surge was observed primarily in the utilities sector and transport infrastructure, diverging from the traditional focus on the oil sector.

Moreover, GDP per capita witnessed an increase to US\$13.3 thousand, nearing the historic highs of US\$13.9 thousand recorded in 2013. Furthermore, inflation fell to a single-digit level of 9.8% by the end of 2023, marking a significant reduction compared to earlier in the year when global inflation rates peaked.

Looking ahead, the International Monetary Fund (IMF) projects an impressive trajectory for Kazakhstan's GDP, estimating it to soar to US\$354.7 bn by 2028. This anticipated growth, amounting to an additional US\$95.4 bn, signifies the most significant economic expansion in the region, with Russia as the only exception.

President Kassym-Jomart Tokayev has set forth an ambitious agenda for the

country's government, aiming to double the national economy's size to US\$450 bn by 2029. This ambitious target is envisioned to be achievable through maintaining stable economic growth of at least 6% annually, with a strategic focus on implementing projects in the manufacturing industry. Such initiatives underscore Kazakhstan's commitment to sustained economic development and prosperity.



Fiscal resilience

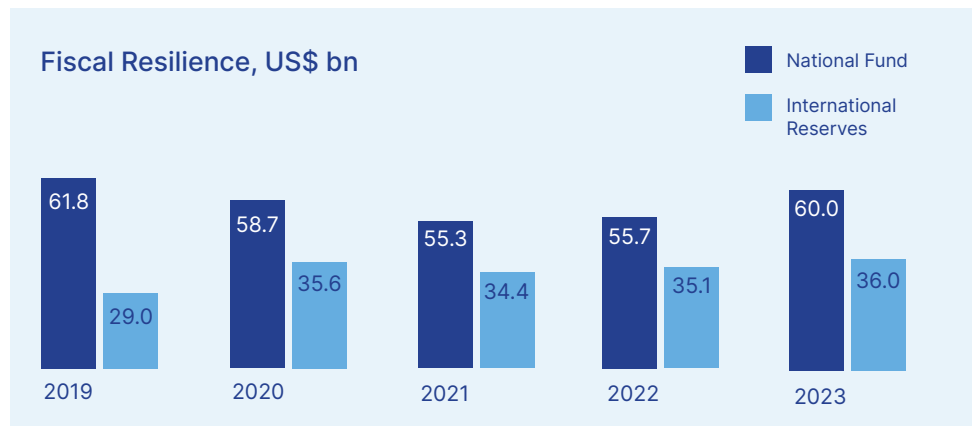
Kazakhstan’s National Fund plays a crucial role in the country’s economic stability and investment attractiveness. As of 2023, the National Fund has reported significant receipts of KZT 4.59 trillion (US\$10.1 bn). Of this total, approximately KZT 4.56 trillion (US\$10.03 bn) has been generated from direct receipts originating from the oil sector. Additionally, the fund has recorded KZT 2.6 trillion in investment income, reflecting prudent financial management and investment strategies.

In terms of utilisation, KZT 4 trillion (US\$8.8 bn) has been allocated for transfers and various government initiatives, underlining the fund’s contribution to supporting the country’s development and infrastructure projects. This prudent approach has resulted in a substantial total balance of KZT 29.8 trillion (US\$65.7 bn) within the National Fund, emphasising its significance in ensuring Kazakhstan’s fiscal stability and long-term financial security.

This total balance includes foreign exchange assets of US\$60 bn, which equates to an increase of US\$4.3 bn over the year. The growth in foreign exchange assets can be attributed primarily to investment income, which reached US\$6.2 bn by the end of 2023, boasting a yield of 11.4%. These remarkable achievements represent record-breaking milestones in both absolute and percentage terms throughout the history of the National

Fund. Notably, the return on the stock portfolio for 2023 soared to nearly 25%, further emphasising the Fund’s exceptional performance and its pivotal role in securing Kazakhstan’s economic future.

Furthermore, the National Bank maintains US\$36 bn in international reserves, further bolstering Kazakhstan’s financial standing and contributing to its economic resilience.



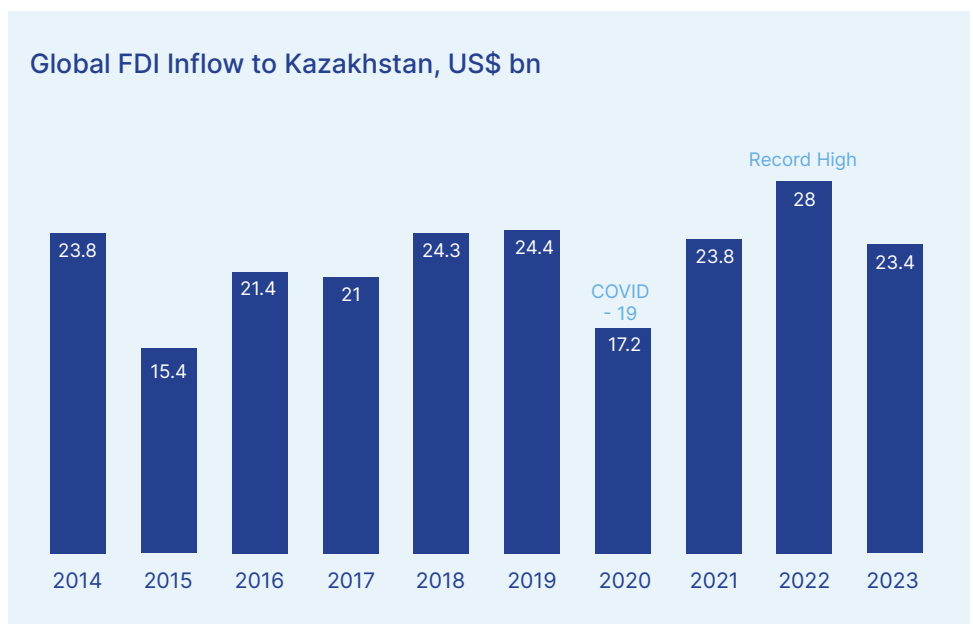
FDI in Kazakhstan

Kazakhstan’s strategic geographic position at the crossroads of Europe and Asia serves as a magnet for global investors. Positioned as a crucial intermediary, Kazakhstan facilitates trade and economic cooperation between these two major continents. This is underscored by Kazakhstan’s leadership in foreign trade turnover, with 60% of all Central Asian imports and exports passing through the country. The advantageous geographical location has propelled Kazakhstan to the forefront of fostering cross-continental commerce and unlocking abundant investment prospects.

Kazakhstan has emerged as a frontrunner in attracting FDI among the 15 post-Soviet countries and within Central Asia, commanding a substantial 61% share. Since gaining independence, the country has consistently drawn FDI, with recent years witnessing stable inflows. In 2022, Kazakhstan reached a record high in gross FDI inflows, totalling US\$28 bn, with 58% attributed to key

sectors such as oil and gas, mining and the metal industry. In 2023, the FDI reached US\$23.4 bn. The mining industry continues to attract the bulk of FDI, but there is a rising trend in investments in the manufacturing and trade sectors.

Dutch companies remain the largest investors, followed by the United States and Switzerland. This diversification of investment sources and sectors is a positive indicator of Kazakhstan’s broadening economic appeal.



“Attracting investment is a key growth factor. Within the framework of the National Investment Policy, taking into account ESG standards, Kazakhstan is interested in attracting at least US\$150 bn of foreign investment by 2029. For this purpose, we continue to create favourable conditions for investors, including improving investment support tools.”

Alikhan Smailov
Prime Minister of the Republic of
Kazakhstan, November 2023

Central Asia’s rising significance in the global financial landscape

Central Asia, home to Kazakhstan, Uzbekistan, Tajikistan, Kyrgyzstan and Turkmenistan, offers a dynamic and unique investment environment. Positioned east of the Caspian Sea, with an expanding domestic market, recently valued at US\$150 bn, the region is emerging as a magnet for foreign investment. Characterised by macroeconomic stability and a cost-effective, abundant labour force, Central Asia appeals as an investment hub, especially in sectors leveraging these demographic strengths.

Collectively, Central Asian countries boast a GDP of US\$430 bn, with a total population of around 80 mn, underscoring its significant economic and demographic weight in the global landscape.

The entire Central Asian region holds significant investment potential, with projections suggesting it could

attract up to US\$170 bn in FDI, with a substantial portion, approximately US\$70 bn, earmarked for non-resource sectors. In this respect, the AIFC plays a crucial role in encouraging both direct and portfolio investments in regional projects, as emphasised by the Kazakhstan President at the 2022 Consultative Meeting of Heads of Central Asian States. Recent reforms across the region have further enhanced the investment climate, making it increasingly attractive to global investors.

Despite significant progress, challenges persist, particularly in realising the region’s full economic potential. Trade turnover between Kazakhstan and Central Asian nations has grown by 40% over the past five years, reaching US\$6.3 bn, yet it still falls short of the estimated US\$15 bn potential.

Caspian Integrated Maritime Solutions

Caspian Integrated Maritime Solutions (CIMS) Ltd. is a joint venture between Kazmortransflot, a subsidiary of KazMunayGas, and Integrated Maritime Investments Ltd., a subsidiary of the AD Ports Group. The partnership, registered in 2023, offers marine and coastal cargo transportation services, including offshore project support in the Caspian Sea, underwater operations, towing, oil pollution response and navigational services. With one of its shareholders being Integrated Maritime Investments Ltd., a subsidiary of the UAE-based AD Ports Group, CIMS Ltd. benefits from global connections facilitated by the AIFC’s legal framework based on English law. This familiar legal environment aligns well with international business practices, fostering clear understanding and collaboration with esteemed international partners.

The favourable business environment in the AIFC allows foreign shareholders to invest with confidence, while contributing to the advancement of Kazakhstan’s maritime logistics sector. This influx of international capital has signified a period of dynamic growth and development within the industry.

In July 2023, CIMS Ltd. expanded its fleet with the acquisition of two new oil tankers - the “Taraz” and “Liwa”. Embarking on their maiden voyages in December 2023, the “Taraz” and “Liwa” began transporting oil on the Aktau-Makhachkala route, marking a significant milestone for CIMS Ltd.



Central Asia: Population, GDP



Trans-Caspian International Transport Route

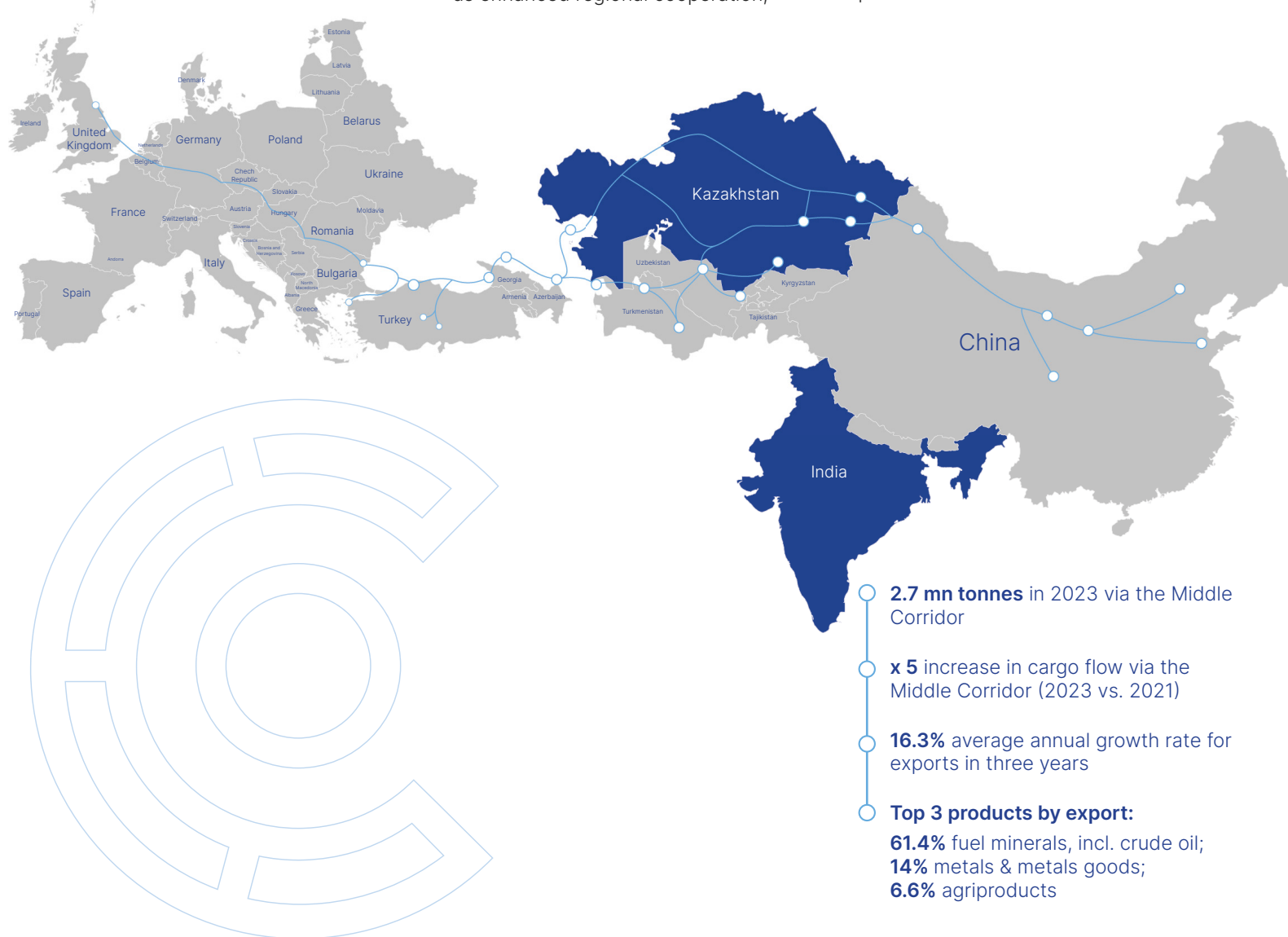
Geopolitical tensions have reshaped global logistics dynamics, prompting Kazakhstan to seek strategic international partnerships to diversify logistics routes and minimise supply chain risks.

The Trans-Caspian International Transport Route, also known as the “Middle Corridor”, has been recognised as a major project, poised to revolutionise East-West interaction by facilitating and expediting trade between key global markets. It underscores Kazakhstan’s evolving role as a dynamic participant in the global economy.

The Middle Corridor’s development offers numerous advantages, such as enhanced regional cooperation,

improved connectivity among economic centres, and streamlined border crossing procedures. Its impact extends beyond transport and logistics, fostering broader regional growth. If the recommended improvements are carried out, Corridor container traffic is predicted to increase six-fold by 2040. Situated strategically along the route, Kazakhstan is positioned to emerge as a pivotal player in the burgeoning trade between China and Europe.

In 2023, the Corridor facilitated the delivery of 2.7 mn tonnes of cargo, which is a 500% increase compared to 2021, with fuel minerals accounting for 61.4% of the cargo, followed by metals and related goods at 14%, and agricultural products at 6.6%.



Robust banking sector and financial inclusion leadership

Kazakhstan's banking sector performed resiliently and robustly in 2023, employing a transparent and risk-oriented supervision based framework and the Supervisory Review and Evaluation Process, helping it to align with international banking standards. Despite the obvious challenges, such as inflation-driven high interest rates, Kazakhstan banks still reported strong financial results.

In 2023, commercial banks recorded profits of KZT 2.2 trillion (US\$4.9 bn), with the sector reporting significant net interest income increases to KZT 2.7 trillion (US\$6 bn +31.2% year-on-year), and net commission income of KZT 727 bn (US\$1.6 bn +20.5% year-on-year). Provision recovery income likewise surged by 25.9% year-on-year to KZT 1.7 trillion (US\$3.8 bn).

By the end of 2023, total banking sector capital had increased by 31.3% year-on-year to KZT 6.9 trillion (US\$15.3 bn), with capital adequacy ratios (k1 – 19.2% and k2 – 21.5%) significantly exceeding legal standards, ensuring potential risk coverage. The total loan portfolio expanded by 20.3% to KZT 29.8 trillion (US\$66.2 bn), with improvements in asset quality demonstrated by reductions in non-performing loans (NPL90+) from 3.4% to 2.9%. NPL90+ provision coverage also increased from 180.0% to 197.7%.

The significant 13.3% increases in bank deposit portfolios to KZT 34.7 trillion (US\$77.1 bn) were mostly driven by deposits held by both individuals and businesses. Deposit “dollarisation” also fell, 31.6% to 23.2%.

Generally speaking, Kazakhstan's banking sector exhibited resilience, sound risk management and strong financial performance amidst economic challenges in 2023.

The IMF¹ has positioned Kazakhstan as the regional leader in terms of financial services inclusion, with 81.1% of adults holding accounts with financial intermediaries in 2021. This testifies to widespread financial inclusion and hints at a mature financial market. As such, investors have the option to explore banking, asset management and financial technology sector opportunities, and in doing so, leverage the country's strong financial infrastructure.

Additionally, the substantial value of retail deposits (KZT 18.8 trillion or US\$41.8 bn) highlights the engagement potential of the population in capital markets, creating a promising market for asset managers. Kazakhstan's high digital literacy rate (85.3%), extensive internet coverage (86%), and widespread mobile phone ownership (90.3%) provide a fertile ground for leveraging financial technology for further sector advancement. This tech-savvy environment creates opportunities for introducing innovative financial solutions to broaden asset management sector horizons and offer diverse alternative investment avenues in the country and beyond.

Banking

- **21** banks
- **29%** of GDP
- **US\$73 bn** deposits
- **81%** of adults used banking services
- **Asset management**
US\$2.5 bn AUM
(vs. US\$1 bn in 2018)
- **Insurance**
US\$1.9 bn of premiums
(vs. US\$750 mn in 2018)
- **Microfinancing**
US\$3 bn loan book

¹ The Anatomy of the Financial Inclusion Gap in the Caucasus and Central Asia, Tigran Poghosyan, May 2023, IMF Working Papers



Market Trends and Our Response

Key market trends

How trends are shaping the industry

Digitalisation

Emerging technology transforming industries:

Advanced technology, such as AI, cloud computing, machine learning and process automation are not just add-ons, but core components driving business transformation and enabling companies to unlock new efficiency levels and value creation, fundamentally altering operating models.

Their adoption signifies a shift towards more agile, data-driven decision-making processes, enhancing responsiveness and innovation in a rapidly changing digital environment.

Driving sectoral growth through digitalisation:

The influence of digitalisation extends across a number of sectors, with digital payments and retail wealth management at the forefront. Growth is fuelled by an ever-increasing reliance on large data volumes, powering both markets and bespoke solutions.

Digitalisation is also revolutionising areas such as supply chain management, customer service and product development, leveraging data analytics for better targeted and efficient outcomes.

Building a digital-first future:

Organisations are increasingly adopting a digital-first approach and integrating digital technologies in all aspects of their business. This includes reimagining customer interaction, optimising internal processes and exploring new digital revenue streams.

The rise of digital marketplaces, e-commerce platforms and online services exemplifies this trend, showcasing the potential of digitalisation to expand market reach and enhance customer engagement.

AIFC's response

Leveraging digital technology in financial services:

The AIFC is leading the charge in embracing and fostering digital technology. We have streamlined our participant registration process through digitalisation (e-Residence), receiving the Corporate Registers Forum 2023 Innovation Award for our efforts. For more details on this, please refer to the 'AFSA' section on pages 34-39.

We have introduced the TABYS app for retail investors, giving them easy access to the structured products. For more details on TABYS, please refer to the 'AIX' section on pages 40-49.

In addition, the AIFC Court and IAC use an online dispute resolution system eJustice facilities, enabling parties to file cases electronically from anywhere around the world, without having to be physically present in Astana.

Prompting FinTech opportunities and addressing challenges

Through its FinTech Lab, the AIFC provides a platform for start-ups and established firms to experiment with and implement cutting-edge digital finance solutions. For more details on the FinTech Lab, please refer to the 'FinTech and Innovation' section on pages 68-69.

Digital asset market regulation:

The AIFC is actively involved in the digital asset sector, recognising its growing significance in the financial landscape. We have established a regulatory framework for digital assets issued and traded on the AIFC, fostering innovation and providing a secure environment for market entities. We also continue to work with industry stakeholders to explore the potential applications of blockchain technology and other digital assets in a range of financial services, as we strive to stay ahead of the curve in this rapidly evolving sector.

For more details on the digital asset market regulatory framework, please refer to the 'AFSA' section on page 37.



Market Trends and Our Response

Key market trends

Sustainability

How trends are shaping the industry

Integrating ESG factors in investment strategies:

The incorporation of ESG factors in investment decision-making is testament to changing priorities in the financial world, as investors become far more aware of the long-term impacts their investments have on the environment and society.

This shift is not only a moral imperative, but also a strategic move, as sustainable investments often lead to better risk-adjusted returns and are increasingly seen as indicators of sound management and future resilience.

Advancing climate-related business disclosures:

The enhanced disclosure of climate-related risks is becoming standard practice, reflecting the increasing importance of transparency in corporate sustainability efforts, and is being driven by a confluence of stakeholder interests, including investors, customers and regulatory bodies.

These disclosures are moving towards more integrated reporting, connecting financial and sustainability information to provide a comprehensive view of a company's performance and impact.

Diversity, inclusion, and governance as investment pillars:

The focus on diversity, inclusion and corporate governance is intensifying, and becoming key to evaluating a company's commitment to sustainability and ethical practices.

Investors are increasingly scrutinising diversity, inclusion and corporate governance, recognising that companies reporting robust performance in these areas are likely to be more innovative, resilient and better positioned for long-term success.

AIFC's response

Advancing sustainable finance in Central Asia

The AIFC is at the forefront of sustainable finance in Kazakhstan, actively responding to the growing global demand for environmentally and socially responsible investments.

Recognising the increasing share of GSS+ bonds in the global market, the AIFC is committed to fostering their growth in the region. We worked hard to facilitate the issuance of the region's first green and social bonds, including Sustainability-Linked Bonds (SLBs), which drive sustainable development and investment in the region. For more details on this, please refer to the 'GFC' section on pages 60-64.

With transition finance gaining prominence, the AIFC is pioneering efforts to support investment across various sectors, particularly those undergoing significant environmental transformation. Our collaboration with Almaty Power Plants to issue Kazakhstan's first SLB is testament to our commitment to facilitating sustainable energy transition and reducing greenhouse gas emissions.

ESG disclosure initiative

The Centre, in collaboration with the Association of Financiers of Kazakhstan, introduced ESG disclosure requirements for banks and financial institutions in their green loan portfolios. In doing so, the AIFC is looking to improve accountability, encourage sustainable practices and foster investor confidence in environmentally responsible initiatives.

Enhancing regional and global collaboration

The AIFC is actively involved in regional initiatives to develop and harmonise ESG frameworks, products and investments. We are instrumental in adopting national sustainable finance standards, including social and green taxonomies, to ensure alignment with global sustainable development goals and social policy objectives. Our collaborative approach positions the AIFC as a key player in shaping the future of sustainable finance in Central Asia and beyond.

For more details on this, please refer to pages 60-64.



Our Vision, Mission and Strategy

Our Vision

To become the driver and main hub for investment and financial innovation in the Kazakhstan economy to facilitate its further growth.

Our Mission

To contribute to the sustainable economic development of Kazakhstan by providing a unique investment and business infrastructure, a reliable jurisdiction and an independent court and arbitration facility, as well as supporting innovation and the development of financial products and services.

Our Strategy

The AIFC has prioritised its strategy to support Kazakhstan's economic growth more directly by facilitating foreign direct investment (state, quasi-government and private sector), and foreign and domestic equity and debt capital through the securities market.



Our strategy is to:

	Strategic initiatives	Our success criteria	What we achieved in 2023
Create an environment for investment	1 Create an attractive environment for investment in financial services, and assist in attracting investment to the Kazakhstan economy	Be a top-50 GFCI business environment component by 2025	Astana's 68th ranking in the GFCI'34 business environment component in September 2023
		Assist in raising US\$10 bn in investment by 2025	The AIFC helped raise US\$10.9 bn of investment in the Kazakhstan economy by the end of 2023
	2 Achieve international recognition as a financial centre	Achieve and maintain a top-40 GFCI ranking by 2030	Astana placed 60th out of 121 worldwide and 1st out of 16 among Eastern European and Central Asian centres in GFCI'34
		Achieve and maintain a top-30 GFCI ranking by 2050	
Develop capital markets	3 Develop the Kazakhstan securities market and ensure it integrates well with international capital markets	Increase Kazakhstan's MSCI Frontier Market Index weighting to 5% by 2025	Kazakhstan achieved a 9% MSCI Frontier Market Index weighting by the end of 2023
		Obtain MSCI emerging market status by 2030	Ongoing work with the special Steering Committee and Working Group chaired by the Kazakhstan Agency for Regulation and Development of Financial Market (ARDFM)
Delivering Value to Customers through Product Variety	4 Develop insurance market, banking service, Islamic finance, financial technology, electronic commerce and innovative projects in Kazakhstan	Register 2,000 companies by 2025	The AIFC has registered 2,395 companies (+657 companies in 2023)
	5 Develop financial and professional services based on international best practices	Register 600 licensed financial and professional services companies by 2025	The AIFC has registered 205 licensed financial and professional services companies

AIFC Law and Jurisdiction

The AIFC legal framework, which is based on the Kazakhstan Constitution, comprises the Constitutional Statute and a number of AIFC Acts that follow the principles of the law of England and Wales as well as leading global financial standards, and has been adopted to apply to not only AIFC investors and participants, but also other entities.

With over 80 acts adopted since its establishment, the AIFC has developed a comprehensive regulatory framework that covers corporate, contractual, employment and other legal matters. AIFC Legal Advisory Council involvement ensures that acts align with best international practices, and, as such contribute to the AIFC's reputation as a financial centre that meets global standards.

Key advantages of the AIFC jurisdiction include:

English language

AIFC law is drafted in English, ensuring clarity and accessibility for the international business community

Best practices

AIFC law integrates best commercial practices developed over centuries within common law jurisdictions, providing a robust legal framework

Sector-wide applicability

AIFC law can be applied across various sectors of the economy, extending beyond AIFC participants to any individuals who consent to its application

Inclusivity

A noteworthy feature of AIFC law is its inclusiveness, enabling the enhancement and refinement of legal acts through the input of interested market representatives

Transparency

The legal framework governing corporate, contractual, employment, compensation procedures, bankruptcy, information protection, private property and dispute resolution, among others, is transparent and concise

1st

**jurisdiction
in the Central
Asian region,
based on the
principles of
common law**

AIFC Legal Advisory Council

The AIFC Legal Advisory Council (LAC), established in 2017, serves as a consultative and advisory body tasked with shaping the framework of AIFC general framework acts, alongside the model and methodologies used to develop and verify the AIFC's general legal framework. Its goal is to integrate the best global practices and incorporate the relevant provisions of the law of England and Wales into the AIFC's legal structure.

Since its inception, the LAC has convened 40 meetings to review over 110 draft AIFC Acts, FAQs, unofficial constitutional statute translations, draft policy papers on proposed amendments to AIFC General Legal Framework Acts, analyses, and sanction compliance recommendations, as well as provide sanction compliance guidance for AIFC participants, among others.

The LAC is chaired by Michael Blair KC and, to ensure a diverse and expert

composition, comprises representatives from leading global law firms and barrister chambers, including Baker McKenzie, Hogan Lovells, Michelmores, Norton Rose Fulbright, White & Case and 3 Verulam Buildings.

AIFC Legal Services Board

The AIFC Legal Services Board, established in 2022, was created to introduce a regulatory mechanism for legal services, ensuring high professional standards of competence, ethics, integrity, and follow international best practices in the provision of legal services at the AIFC.

By the end of 2023, registered AIFC Legal Services Board legal advisers numbered 100, mostly originating from Kazakhstan, the UK, the USA, Hungary, India, Qatar, Kyrgyzstan, South Africa

and Russia, and representing major law firms recognised by the Legal 500 and Chambers and Partners.

To maintain and enhance the vocational skills of the legal profession, registered legal advisers are expected to acquire a certain number of continuing legal education points each practising year by attending courses in ethics, legal skills and legal professional development activities, and are also required to undertake a certain number of hours of pro bono work. To promote knowledge sharing, Board members hold courses on effective client service and conflicts of interest, AML/FT and best practices in legal adviser account management.

The Board is chaired by Simon FT Cox (Norton Rose Fulbright LLP), who has been a member of the AIFC LAC since 2017. The Board also includes AIFC body representatives, partners from Seven Pillars Law, Kinstellar, Grata International, AGZ ZanHub and AEQUITAS.

Enhancing financial security through pledge registration

Mandatory pledge registration has been established within the legal framework as a separate security obligation institute to provide transparency and legal confidence in financial transactions. Ensuring that pledges have been properly recorded and are accessible increases confidence financial transaction security, potentially attracting more investment and fostering growth in the AIFC jurisdiction financial sector.

The AIFC Security Registrar is responsible for registering pledges with the AIFC as well as providing any information necessary for maintaining the legal integrity of financial transactions, such as sales, obtaining loans or mergers and acquisitions. The Registrar has registered in excess of 20 and processed over 130 requests, worth a total in excess of US\$1.1 bn since 2020.

Ensuring data protection in the AIFC

The AIFC's legal data protection framework ensures the fair, lawful and secure handling of personal data; and also balances individuals' rights to privacy with the legitimate needs of data controllers and processors. Oversight is provided by the Data Protection Commissioner, whose goal is to increase confidence in the AIFC's financial ecosystem. Compliance with data protection regulations fosters trust, attracts investors and also promotes business growth and innovation.



AIFC Court and International Arbitration Centre

The AIFC Court and the International Arbitration Centre (IAC) are critical to AIFC operations and function independently to uphold global standards. The AIFC Court operates autonomously and is separate from the national judicial system, exclusively observing AIFC Acts to hear civil and commercial cases. Its jurisdiction does not extend to criminal and administrative cases. Incorporating a court of first instance and court of appeal,

cases are heard in English and other languages used by the Centre by judges renowned for their integrity and adherence to the rule of law, ensuring standards familiar to other major financial centres around the globe, issuing rulings deemed final and enforceable both domestically and internationally. By introducing an online eJustice process, the AIFC Court enables global access to legal proceedings.

At the same time, the IAC also offers diverse out-of-court dispute resolution options, including arbitration and mediation, providing flexibility and enforcement in Kazakhstan and worldwide in line with the New York Convention of 1958. With a committed chairman and a distinguished panel of international arbitrators and mediators, the IAC prioritises independence, impartiality and integrity in all of its operations.

AIFC Court

The AIFC Court is separate from the Kazakhstan judicial system, and consists of:

- **a court of first instance** (including a small claims court offering a fast-track procedure for claims of up to US\$150,000)
- **a court of appeal**



The Rt. Hon.
The Lord Burnett
of Maldon
Chief Justice



Mr. Christopher
Campbell-Holt
Registrar and Chief
Executive, AIFC Court



The Rt. Hon. Sir
Rupert Jackson
Justice, AIFC Court



The Rt. Hon. The
Lord Faulks KC
Justice, AIFC Court



The Rt. Hon. Sir
Jack Beatson FBA
Justice, AIFC Court



Andrew Spink KC
Justice, AIFC Court



The Rt. Hon. Sir
Stephen Richards
Justice, AIFC Court



Thomas Montagu-
Smith KC
Justice, AIFC Court



The Rt. Hon. Lord
Banner KC
Justice, AIFC
Small Claims Court



Josephine Higgs KC
Justice, AIFC
Small Claims Court



Patricia Edwards
Justice, AIFC
Small Claims Court



Saima Hanif KC
Justice, AIFC
Small Claims Court

International Arbitration Centre

The IAC provides an independent and expeditious alternative to court litigation and operates to the highest international standards in its resolution of civil and commercial disputes in the AIFC.



Thomas Krümmel
IAC Chairman



Mr. Christopher Campbell-Holt
Registrar and Chief Executive,
IAC

Arbitrators and mediators

A panel of 41 outstanding international arbitrators and mediators from Europe, Asia, the USA, India, Singapore and Hong Kong, all with extensive experience in commercial and civil law, operates exclusively on the principles of independence, impartiality and integrity

Building trust and momentum

Despite still being in the early stages of its operations, the AIFC Court and IAC have already garnered significant client trust, emerging as one of the premier international dispute resolution institutions in Eurasia. This trust is key for investors looking at Kazakhstan and the Centre’s positing as an investment hub for Eurasia, providing assurance around the protection of their legal rights, guaranteed independence and impartiality, and the highest international standards of the rule of law.

Since their inception, the AIFC Court and IAC have handled 2,400 cases, which have resulted in 97 court judgments, 2,303 arbitration awards and mediation settlements. In 2023, they dealt with 755 cases alone, which an increase of 74 year-on-year. The Court has heard a wide spectrum of commercial and investment-related disputes, all guided by the laws of the AIFC, Kazakhstan and other applicable legal frameworks. Its enforcement processes have ensured that all judgements and arbitration awards have been upheld across Kazakhstan.

A highlight from 2023 has been the active engagement of 571 lawyers from 32 jurisdictions registered at the AIFC Court, which is testament to the involvement of a diverse and international legal community dedicated to representing parties involved in AIFC Court cases.

New appointment

In November 2023, the President of the Republic of Kazakhstan, Kassym-Jomart Tokayev, appointed the Rt. Hon. Lord Burnett of Maldon to the position of Chief Justice of the AIFC Court, following the retirement of the Rt. Hon. the Lord Mance, Chief Justice of the AIFC Court, who held the position from 1 January 2020 until 31 October 2023.

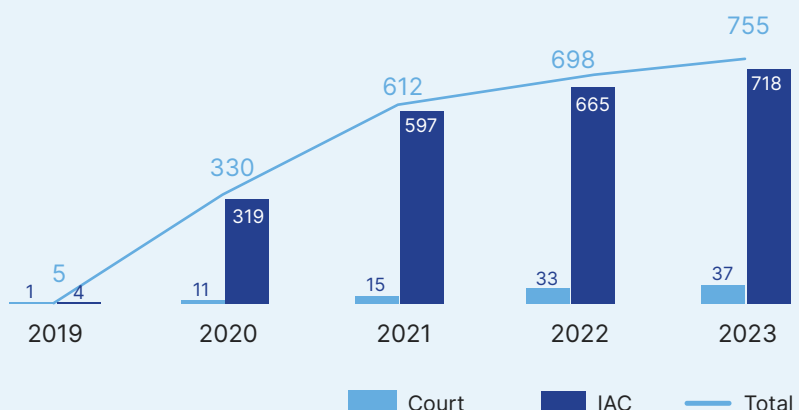
Lord Burnett served as the Lord Chief Justice of England and Wales from 2017 until 30 September 2023, beginning his legal career as a barrister, later becoming a judge and ultimately being appointed as the youngest Lord Chief Justice, at the age of 59. During his tenure he presided over all courts in England and Wales.

Lord Burnett has an impeccable reputation in the UK and worldwide. His appointment to the AIFC Court as Chief Justice is a significant achievement for the AIFC Court and the AIFC in general.

“The AIFC Court is a wonderful opportunity for investors working in Kazakhstan or planning to come to the region to work with respected AIFC Court judges, procedures, practices and standards, similar to those in other major financial centres around the world. Experienced common law judges, renowned for their robust impartiality, integrity and incorruptibility are also a strong safeguard for a stable judicial system.”

Kassym-Jomart Tokayev
President
of the Republic of Kazakhstan

AIFC Court and IAC Cases



Ms Sofiya Zhykaidarova,
Signum Law Firm Managing
Partner, and a Member of the
AIFC Court and IAC Users'
Committee, commented:



"The AIFC Court and IAC have had a hugely important impact on our legal system in their successful efforts to follow the strictest professional and ethical standards, show strong values and generate an excellent professional reputation. As the initiative develops further, there is a hope that it will gradually help change the mindset and some of the perceptions of people in Kazakhstan, and will aid the implementation of best international practices in the judicial legal system. Likewise, by setting the highest standards for legal hearings and changing the mentality of our people, the Court and IAC's influence has the opportunity to stretch way beyond Kazakhstan and affect the entire Eurasian region. Currently, the AIFC Court and IAC are where we can find real justice and rely completely on the competence and reputation of the judges and the legal system as a whole. I personally believe strongly in the AIFC Court and IAC's potential not only for Kazakhstan, but for the entire region as they have already have a proven track record of important cases, and an unrivalled reputation in dispute resolution. Of course, it takes time for contractual disputes to arise, but I think the potential is there for some great disputes and cases to come along."

Mr. Alexander Korobeinikov,
Partner at Baker McKenzie,
and a Member of the
AIFC Court and IAC Users'
Committee, commented:



"AIFC Court and IAC case statistics and outreach work are already remarkable, even at this still very early stage. Our clients are learning to trust us more with their business contracts as the premier international dispute resolution institution in Eurasia. Something that is particular importance is that in 97.7% of cases, the parties involved have made use of the AIFC Court and IAC 'opt-in' jurisdiction, doing business in Kazakhstan and the wider Eurasia region. Our clients, and the wider investment community, understand the AIFC Court and IAC's significance for Kazakhstan as an investment hub for Eurasia. Investors can be confident, and are increasingly aware and trust, that the AIFC Court and IAC will protect their legal rights, guarantee independence and impartiality, and also apply the highest international standards of the rule of law. I think that this safeguard bodes well for future investors coming to Kazakhstan."

Empowering the local population through knowledge transfer initiatives

The AIFC Court and IAC Training Centre are at the forefront of providing world-class dispute resolution training to the local population, engaging trainers from esteemed institutions such as Cambridge University, UCL, as well as experts from the UK, US and Germany. The aim of the initiative is to generate dispute resolution literacy among the local professional community, with courses covering various aspects of dispute resolution for lawyers, arbitrators, mediators and judges. The training programmes also include international standard internships, and have already benefitted over 130 Kazakhstan law and international students. The AIFC Court and IAC have also hosted a number of events for the Central Asian community and beyond.

The Court also organises annual common law commercial moot competitions, which provide a platform for over 3,000 Kazakhstan law students, lawyers, civil servants, judges and business professionals to acquire valuable knowledge and skills, fostering the transfer of expertise from global authorities to the local community. Lastly, the centre conducts regular training sessions for Kazakhstan Supreme Court and Constitutional Court judges and students at the Supreme Court's Academy of Justice.

AIFC Court and IAC global engagement

In a bid to enhance their global footprint, the AIFC Court and IAC have launched the Eurasia Expansion Initiative, which complements existing international-standard facilities in Astana and Almaty by establishing new physical premises

in eight Eurasian countries: Armenia, Azerbaijan, Georgia, Kyrgyzstan, Tajikistan, Turkey, Turkmenistan and Uzbekistan to foster the adoption of international dispute resolution standards and legal practices throughout the Eurasian region.

Furthermore, in a move to strengthen international ties, the AIFC Court and IAC signed 21 memoranda of understanding in 2023 with dispute resolution institutions in the UK, Hong Kong, China, Singapore and other nations, bringing the total to 80.

AIFC Court cases

The fact that more and more investors are beginning to recognise the AIFC Court and IAC as institutions that protect their legal rights is borne out by the large number of cases involving multi-million US\$ claims, with the highest value court case registered at US\$330 mn. Seven court cases, all dealing with complex PPP and construction contract issues, involved the State and were upheld in full.

The first AIFC Court case

For the AIFC Court's inaugural case, the claimant, Aurora AG Limited, had been contracted for ground-based geophysical work by the defendant in East Kazakhstan, stating that it had completed the work, but had not been paid by the defendant. The evidence suggested the complaint was justified and the Court ruled in favour of Aurora AG Limited, awarding it KZT 42.7 mn (approximately US\$110,800) for the work completed. The court also imposed a late payment fine on the defendant of KZT 2.1 mn (approximately US\$5,500).

The case set a precedent for the AIFC Court's dispute-handling efficacy, establishing it as a reliable forum for resolving commercial issues. The clear judgement reinforced contractual obligations and demonstrated the court's commitment to upholding legal standards.

AIFC facilitates historic amalgamation

In a ground-breaking legal precedent, the AIFC Court sanctioned the historic amalgamation of Zeren Bidai Group Limited Liability Partnership with Unicorn Crops Limited, marking the first-ever instance of a Kazakhstan company merging with an AIFC participant. The court's approval, granted in line with an Amalgamation Agreement, showcased the AIFC Court's prowess in navigating intricate corporate structures and solidified its pivotal role in facilitating complex legal processes. The case was seen as a notable milestone in the AIFC's commitment to providing a reliable and adaptive jurisdiction for diverse corporate amalgamations.

AIFC Court sets precedent with unmanned space station dispute

The Kazakh-Russian JV Baiterek took on the Centre for the Operation Ground-Based Space Infrastructure, over a contractual conflict with respect to an unmanned space station, which ended up with the Court issuing a ground-breaking ruling that awarded the largest sum in its history – KZT 13.7 bn (US\$29.5 mn), underscoring the Court's jurisdictional authority and affirming its ability to handle disputes involving substantial financial amounts. The monumental case testifies to the AIFC Court's pivotal role in resolving complex and high-value cross-border disputes.

Astana Financial Services Authority

The AFSA is responsible for regulatory oversight in the AIFC, and creates a fair, transparent and conducive business environment through regulations, promoting healthy competition and ensuring market integrity. It looks to align its framework, practices and standards with international best practices to attract global investors and businesses. It is also responsible for governing the registration, authorisation, recognition and supervision of financial firms and market institutions, as well as developing AIFC financial service regulations and rules.

The AFSA's organisational structure ensures its independence and integrity in executing regulatory functions. Operating autonomously, the AFSA reports to the AFSA Board, AIFC Governor and AIFC Management Council, chaired by the President of Kazakhstan. This type of governance framework underscores a commitment to regulatory excellence and accountability, all of which are essential for nurturing a robust financial ecosystem.

Registration

The AFSA registers and incorporates all AIFC participants, including regulated persons and persons offering ancillary and non-financial services

Authorisation and recognition

The AFSA authorises AIFC participants to ensure that only the right firms, run by the right people, and selling the right products are approved to operate in the AIFC. Recognition enables accepted financial firms to obtain electronic access to AIFC markets in a streamlined manner

Supervision and enforcement, AML/CFT

The AFSA supervises firms offering financial services and enforces AIFC Regulations and Rules. It is also responsible for overseeing AML/CFT activities to maintain financial system integrity

Policy Development

The AFSA develops and adopts AIFC financial service regulation guidelines and rules

Key Strategic Areas in 2023

Enhancing the digital asset ecosystem:

The AFSA has prioritised the development and expansion of a digital asset ecosystem, reflecting its commitment to fostering innovation, efficiency and security in the financial landscape.

Refining fund and asset management frameworks:

The AFSA has prioritised the development and expansion of a digital asset ecosystem, reflecting its commitment to fostering innovation, efficiency and security in the financial landscape.

Capital market development:

The AFSA has actively pursued collaboration to foster more extensive and advanced capital market development. This strategic focus underlines the AFSA's commitment to creating a robust and well-functioning capital market ecosystem.

1st

financial regulator in Central and Eastern European Region, Central Asia and the Caucasus

The AFSA is the region's first regulator to sign an enhanced International Organisation of Securities Commissions (IOSCO) Multilateral Memorandum of Understanding on Consultations, Cooperation and Information Exchange, which outlines cross-border cooperation in law enforcement and proper compliance with securities laws and regulations.

Registration, Authorisation and Recognition

Expansion of registered entities

The AFSA registered 657 entities in 2023, bringing the total number to 2,395. Overseas participants constituted a significant proportion of that number, representing 40% of the total. Further details on AIFC participants can be found in the 'AIFC Participants' section on pages 50-57.

Growing interest from financial services firms

In 2023, the AFSA's evolving ecosystem saw the addition of 20 diverse entities, bringing the total number of licensed financial service providers to 89, with 50% of that number applying to operate in fund management. Further details on this can be found in the 'Fund Management' section on page 58.

Equipped to accommodate sophisticated financial entities

One of the Centre's key achievements has been the registration of the first Multilateral Trading Facility (MTF) for regulated AIFC market activities (for more information see page 55), highlighting the AFSA's regulatory prowess and control of the infrastructure required to sustain and facilitate the operations of complex structures.

Another milestone was Polymetal's redomiciliation to the AIFC (for more information see page 44), which has positioned the AFSA as a regulatory authority capable of managing and ensuring compliance in complex corporate relocations, in doing so contributing to its regulatory expertise. It also demonstrates to investors and the global business community the effective and attractive regulatory environment the AFSA has to offer.

Recognising international financial institutions under AFSA jurisdiction

The AFSA recognised Equilibrium Capital Ltd as its first foreign fund manager, which has been recognised as a milestone in international collaboration. In extending Recognised Non-AIFC Member status to 11 overseas broker-dealers from the UAE, Cyprus, Armenia and Russia, it has emphasised the Centre's international reach, fostering relationships with financial entities from diverse regions.

Strengthening financial sector expertise

The AFSA's ongoing efforts to enhance competency and qualifications in pivotal financial positions by meticulously assessing managing businesses to ensure appropriate risk management and culture, verifying skills, expertise and experience to meet AFSA standards, have resulted in the approval of 90 candidates for Controlled Functions².

Internationally acknowledged registration services

The AFSA's focus on enhancing operational efficiency has led to notable improvements in AIFC licensing and registration processes. The average license processing time has been reduced to 39 business days, while recognition processing takes only 13 business days, which is considerably faster than the global average. Moreover, the digitalisation of company registration services through the Digital Resident portal has drastically streamlined the registration process, reducing registration times from 5 days to just 3 hours. The shift towards online applications, with 98% of company registrations and 40% of

event-driven filings now submitted online, has contributed to improved further efficiency. AFSA's efforts in digital transformation have been recognised with the prestigious Corporate Registers Forum 2023 Innovation Award, underlining its dedication to pioneering innovative approaches in regulatory procedures.

Improved communication and increased transparency

AFSA's dedication to transparency is evident in its publication of firm commitments throughout the authorisation process. This initiative ensures clear timelines and open communication between the regulatory body and entities seeking authorisation, enhancing transparency and trust. Through improvements to the authorisation section of the AFSA website, potential applicants have access to comprehensive insights into the steps and requirements for obtaining authorisation. By providing readily available information, the AFSA empowers applicants to navigate the process effectively and efficiently.

² Controlled functions refer to specific roles in financial institutions that are subject to regulatory oversight and require individuals to meet specific competency and qualification standards set by the regulatory authorities

Supervision and Enforcement, AML/CFT

Since its inception, the AFSA has taken remarkable steps to improve how it monitors financial behaviours, bringing a wide range of sectors and jurisdictions under its purview since 2018.

Global recognition of the AFSA supervisory framework

The AFSA supervisory framework received international recognition in the February 2023 IOSCO Standards Implementation Monitoring report. The assessment, conducted over two years and involving 55 member jurisdictions, including the AIFC, highlighted best practices in the AIFC's regulatory framework, particularly in security regulations. This recognition confirms AFSA's commitment to upholding key regulatory standards and operating in alignment with internationally recognised best practices in the securities sector.

AFSA's strong AML/CFT regulatory practices adhere to FATF standards

After a two-year assessment of Kazakhstan and the AIFC, the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG), confirmed that the AFSA had implemented a robust, risk-based supervisory system with a well-developed AML/CFT regulatory mechanism, positioning the AFSA as a knowledge hub and trendsetter in critical areas in the region.

The AFSA has played a crucial role in improving National AML/CFT regulation in Kazakhstan by spearheading an initiative to incorporate virtual currency in suspicious transaction and activity monitoring, resulting in updates to a Financial Monitoring Agency Order, to ensure that any such suspicions are reported to the Agency.

Sanction compliance

In 2023, the AFSA launched a complex robust sanction compliance initiative, which led to coordinated efforts from a number of governmental and international agencies, promoting a zero-tolerance approach towards any form of non-compliance with sanctions. In its efforts, the AFSA is promoting financial stability, supporting international cooperation, fostering trust among stakeholders, and contributing to broader national and international security objectives.

FSAP engagement:

The AIFC's inclusion in four key Financial Sector Assessment Programme (FSAP) workstreams by the IMF and World Bank highlights its growing importance in Kazakhstan's financial sector and emergence as a significant player in international business, underscoring its role in shaping financial markets, regulating crypto-assets, analysing climate risks and developing capital markets. IMF collaboration signals a commitment to transparency, regulatory excellence and international cooperation, enhancing investor confidence.

Supervisory and enforcement actions

In 2023, the AFSA continued to demonstrate its commitment to robust financial supervision through a series of proactive measures, such as suspending two licenses, issuing warning letters, fines and written directives in response to breaches of AIFC Rules and Regulations, including prudential and reporting requirements. It also continued to expand its enforcement role throughout the year by issuing one cease-and-desist letter, three private warnings, one financial penalty and two settlement agreements.



FATF/EAG Mutual Evaluation Report

In 2023, a FATF/EAG Mutual Evaluation Report adjudged the AIFC jurisdiction as complying with international AML/CFT standards, and the AFSA as a very effective body with a developed AML/CFT regulatory mechanism that meets FATF standards



International association of insurance supervisors (IAIS)

In 2020, the AFSA signed an International Association of Insurance Supervisors Multilateral Memorandum of Understanding. The corresponding global agreement was developed in 2007 to help insurance companies and insurance regulators work together, exchange information and ensure supervision



IOSCO recognition of the AFSA Supervisory Framework

The AFSA acquired IOSCO associate membership status in 2018. Subsequently, in 2023, following a comprehensive two-year evaluation, the AFSA supervisory framework was recognised for its robust adherence to IOSCO standards, emphasising the AFSA's dedication to maintaining crucial regulatory standards and aligning with globally recognised best practices in the securities sector

Policy Development

In 2023, the AFSA took steps to build up its regulatory influence by enacting more than 20 key regulatory acts. The most important of which include:

Changes and additions to AIFC currency regulation and currency transaction information provision rules, expand the range of financial services that AIFC participants can provide to Kazakhstan residents from 1 January 2024 as follows:

AIFC banks can now open correspondent accounts with local commercial banks in any currency, while participants can replenish authorised capital through Kazakhstan banks in any currency and through AIFC banks in foreign currency.

AIFC participants are now able to provide international brokerage services with respect to various investments, including investment fund units, commodities, derivatives and carbon instruments, in any currency. Brokers only require direct access to central counterparty settlements, whereas previously this was restricted to companies holding ARDFM licenses or with access to securities depository settlements.

Islamic finance services can now be provided not only by Islamic banks in the AIFC but also by Islamic finance organisations.

Participants can now provide agriculture and road infrastructure construction related lease services in various currencies.

Finally, participants can now provide crowdfunding, cryptocurrency exchange, brokerage, dealer and custodial services involving crypto assets, as well as manage investments with digital assets, in any currency.

The changes, which were coordinated with the Kazakhstan National Bank and ARDFM, make financial services more accessible and the Kazakhstan financial markets more competitive. Through collaboration, we aim to improve information exchange processes, enhancing transparency and efficiency in financial regulation in the country.

The bank resolution framework ensures that participants have access to an uninterrupted supply of systemically important financial services even in the event of their insolvency, all of which helps maintain stability and confidence in the financial system. Moreover, by addressing financial institution insolvency, the mechanism protects the interests of investors who may have investments or assets tied to these institutions, thus providing a structured process for managing insolvency that minimises the impact on investors.

The commodity exchange regulatory framework, whose goal is to develop commodity derivatives and carbon markets in the AIFC, has significantly expanded trading opportunities, addressing essential issues such as license extensions for authorised exchanges and clearing houses, access requirements to facilities for trading and clearing commodity derivatives and environmental instruments, fair trading practices and the regulation of clearing and settlement. It also outlines conduct requirements for authorised market institutions, ensuring a comprehensive and well-regulated environment in the AIFC.

The Digital Asset Activities Rulebook, effective from 1 January 2024, consolidates AIFC digital asset policy and supervisory practices, including those acquired from the interaction pilot project between AIFC-registered crypto exchanges and Kazakhstan's commercial banks. The Rulebook has introduced enhanced digital asset service provider requirements that cover a wide range of entities, such as digital asset trading facility operators, fund and investment managers, brokerage and custody firms and others. The new mechanism will provide digital asset service providers with a clear legal and regulatory framework that addresses a wide range of risks, such as illicit activities, cyber threats, market abuse and others.

The rules and mechanism for digital asset service providers to interact with the AIFC and Kazakhstan second-tier banks are a critical enhancement to the Digital Asset Activities Rulebook and AIFC Bank Guidance for digital asset service providers, previously regulated by the AFSA. The new Rules cover a wider range of digital asset service providers, such as digital asset brokers, asset and fund managers, thereby increasing the number of entities able to engage with second-tier banks in Kazakhstan. The Rules are unique as they are the first to apply to commercial banks in Kazakhstan. For more on the Rules, please refer to the "FinTech and Innovation" section on pages 68-69.

The stablecoin³ framework, which is recognised as a vital addition to the Digital Asset Activities Rules, has been key in establishing a secure and transparent AIFC digital asset environment, addressing many issues, such as reference currencies, capital requirements, redemption rights, reserve asset composition and disclosure requirements. It has also been critical in allowing the AFSA to issue fiat stablecoins backed by a single currency. The framework was developed in line with recommendations from bodies such as the Financial Stability Board, International Organisation of Securities Commissions, Basel Committee on Banking Supervision, Committee on Payments and Markets Infrastructures, the Financial Action Task Force, and Bank for International Settlements.

³A stablecoin is a type of cryptocurrency designed to have a stable value relative to a specific asset, such as a fiat currency like the US\$ or a commodity like gold. Unlike traditional cryptocurrencies such as Bitcoin or Ethereum, which can be highly volatile, stablecoins aim to maintain a steady value over time

The Security Token Offering⁴ framework

regulates how the AIFC issues and trades security tokens. Aligned with international IOSCO standards, the framework ensures that security token activities are subject to the appropriate regulatory oversight, enhancing investor protection and market integrity.

The enhanced asset management framework

was implemented to improve operational efficiency and create more attractive asset management conditions from June 2023. Fund managers now enjoy expanded fund structuring options, including limited partnerships or protected cell companies, as well as umbrella funds, fund of funds, or master and feeder funds, while real estate investment trusts can now invest in property under development, albeit with certain restrictions. The recognition process for foreign fund managers has been clearly outlined, providing transparency and a straightforward pathway for overseas entities to operate on the AIFC. The multitude of fund structuring options offers flexibility for fund managers in selecting the most suitable structure for their investment objectives, potentially attracting a diverse range of fund managers and investors.

Fund Management Activity Guidance

offers comprehensive insights into the processes and steps involved in becoming an AIFC fund manager and establishing collective investment schemes. The introduction of new fund incorporation vehicles as well as an expanded list of specialist funds provides more fund structuring options for fund managers, such as umbrella funds, fund of funds and master-feeder structures.

Incorporating Environmental, Social and Governance (ESG) funds

as a special fund category highlights the AFSA's commitment to integrating ESG factors into asset management. By operating as an ESG fund, investors have the opportunity to contribute to environmentally and socially responsible initiatives.

Guidance on Substantial Presence Rules

is closely aligned to the OECD's Harmful Tax Practices Action 5, and covers AIFC participants' application of corporate income tax and value added tax exemptions. In developing the Guidance, the AFSA's goal was to ensure its tax practices adhere to globally recognised standards.

⁴ A Security Token Offering (STO) is a fundraising method where digital tokens are issued and sold to investors as ownership rights or participation in a company or asset. The tokens are considered securities as they offer investors specific rights and are subject to securities regulations. They differ from Initial Coin Offerings as they comply with regulatory requirements, providing investors with legal protection and assurances and typically involve the issuance of security tokens backed by assets such as real estate, company shares or commodities, offering investors potential dividends, profit-sharing or voting rights





Cooperation

Increasing the AFSA's role in the assessment of global regulatory standards

In a historic event for Kazakhstan, the AFSA took an active role in a number of international regulatory initiatives, showcasing the country's commitment and leadership in shaping global financial standards. Notably, it led an assessment of the Australian Securities and Investments Commission's application to join the IAIS Signatories Working Group, marking the first-ever instance of a Kazakhstan representative heading and successfully concluding an international assessment of that magnitude.

AFSA Strategic Partnerships in 2023

The AFSA consolidated its commitment to global regulatory cooperation by signing nine Memoranda of Understanding with prominent regulatory authorities from the United Arab Emirates, Luxembourg, Oman, Russia, the Cayman Islands, Kyrgyzstan, Mongolia, Uzbekistan and Hungary, bringing the total number of agreements to 53. The significance of the memoranda lies in their potential to position the AIFC as a key player in the global financial landscape and reinforce Kazakhstan's commitment to international regulatory harmonisation and cooperation, as well as create a conducive environment for cross-border investments by building mutual trust and understanding between regulatory bodies.

Hub for regulatory expertise

The significant growth in information exchange requests from its regulator peers since 2019 to 73, with 33 of them in 2023 alone, showcases the AFSA's expanding role as a hub for regulatory expertise, reflecting more and more international trust in AFSA competence, positioning it as a valuable resource for regulatory insights and guidance.

Participation in international discussions

In 2023, the AFSA took an active role in a number of international events, either hosting, co-hosting or speaking at conferences to contribute to global discussions on financial landscapes and promote awareness of the AIFC. Highlights include its hosting of a Risk Summit in June together with the London Stock Exchange Group to emphasise compliance and risk-management culture, and co-hosting of the CAMCA Regional Forum in June to engage in discussions on regional cooperation in the financial sector. AFSA representatives also spoke at prestigious conferences, such as Istanbulish, Insurance Central Asia, the Kazakhstan Legal Forum, Plan B Lugano, the Budapest Eurasia Forum, and the Finance Magnates London Summit.

Trading Infrastructure

The Astana International Exchange (AIX) was established in 2017 to help develop a securities market in Kazakhstan and ensure its integration with international capital markets. It has become an effective and world-class stock exchange operating in the AIFC regulatory environment, offering an extensive range of investment instruments.

The AIX's mission is to develop trusted and liquid capital markets in Central Asia and beyond by providing innovative products and services for businesses and investors.

The AIX at a Glance

Favourable conditions for attracting investment

- UK tax and customs authority 'Recognised stock exchange' status, which means UK pension funds and other investors can invest on it
- FTSE Frontier Index Series trading venue
- UKLA and DIFC AIX Rules incorporate best practices and expertise from the UK Listing Authority (UKLA) and Dubai International Financial Centre (DIFC)
- ESMA recognises the AIX as an eligible third-country trading venue to ensure MiFID II / MiFIR transparency compliance

Robust security

- NASDAQ trading platform
- Amazon Web Services cloud based trading platform
- Global information and cybersecurity ISO 27001, ISO 27032, ISO 27018 and ISO 27017 certificates

Easy capital market access

- Quick and simple listing and cross-listing procedures for issuers
- Brokers have the option to trade on the AIX using the recognition process, without an AIFC license
- 13 custodians including Citibank Kazakhstan
- 6 major global custodians have acquired access to the AIX CSD via Citibank
- 37 local and international brokers (Kazakhstan, China, UAE and Europe)

World-class infrastructure

- Vertically integrated trading and settlement structure (Euroclear, Citi)
- Thomas Murray "A+" rating (low risk) for the AIX Central Securities Depository
- Swift Alliance Cloud
The AIX was one of the first financial institutions to acquire access to the Swift Alliance Cloud⁵ for seamless direct integration with the global Swift network

AIX shareholders:



Astana International Financial Centre Authority



Shanghai Stock Exchange



Silk Road Fund



NASDAQ

⁵The Alliance Cloud is a secure cloud solution that enables seamless integration into the Swift global network. Access to the Alliance Cloud provides the AIX with many benefits, such as increased flexibility and scalability, reduced operational risk and hosting costs, and core component maintenance and upgrades in a secure and resilient environment. It is the deferment and adaptation occurring during payment transactions that allows these requirements to be regulated and taken into account by the financial industry.

Capital Markets

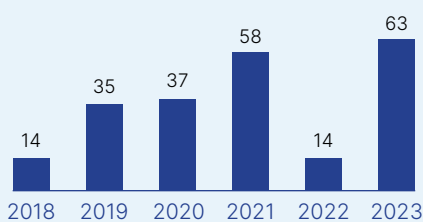
Despite the challenges confronting the global economy and the current macroeconomic and geopolitical environment, 2023 has been an extraordinary year for the AIX with record growth in listings, trading volume and issuer capital raised. The exchange's emphasis on addressing client needs, collaborating closely with all parties involved and adapting swiftly to diverse market conditions has contributed significantly to the AIX's recent accomplishments through personalised engagement and well-informed decision-making processes.

Listings and Trading Volumes

In 2023, AIX listings reached 63, of which 56 were debt and 7 equity listings, which is 4.5x higher than in 2022. A number of international issuers from the UAE, Luxembourg, United Kingdom and Cyprus joined the AIX in 2023, while five issuers listed bond transactions.

Trading turnover⁶ (stocks, bonds, ETNs and ETFs) more than tripled from US\$173 mn in 2022 to US\$582 mn in 2023, with 150 financial instruments from 94 issuers officially listed. Equity trading also returned impressive results over the year, almost doubling to US\$130 mn.

Number of Listings



⁶Annual trading levels for a range of securities (stocks, bonds, ETNs and ETFs) on the AIX

2023 year-end results

150

Securities listed

94

Issuers

\$582 mn

Trading volume

>1.5 mn

Retail investor accounts on AIX

\$365 mn

Equity capital raised

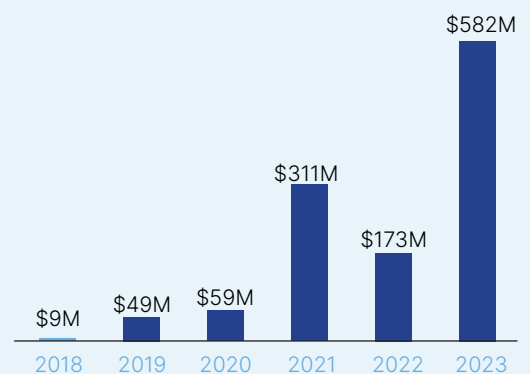
\$4.2 bn

Debt capital raised

Total Trading Volume

\$582M
Trading Volume in 2023

3.4x
Growth in 2023



Market Capitalisation

\$62.6B
Market Capitalisation in 2023

+63%
Growth in 2023

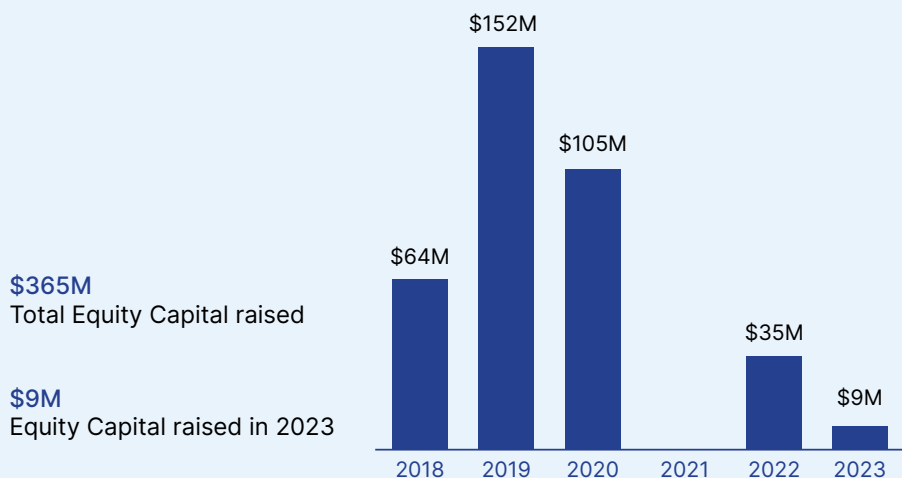


Equity Market

Developing securities markets through company IPOs and increased debt benefits business growth, corporate governance, and also offers new investment opportunities. As such, the AIX has played an active role in Kazakhstan's Privatisation Programme, starting with the Kazatomprom IPO, followed by KazMunayGas in 2022, and KEGOC's SPO in 2023, all of which have helped raise capital from local and offshore investors, foster business growth and improve opportunities for investors.

Polymetal International's redomiciliation to the AIFC and AIX in 2023 was significant as it led to a substantial increase in Polymetal share trading and transactions, with the single-day trading record exceeding US\$1 mn.

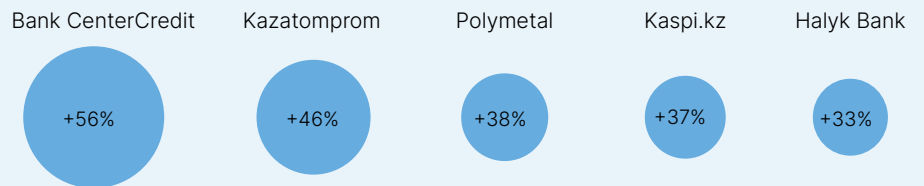
Equity Capital raised



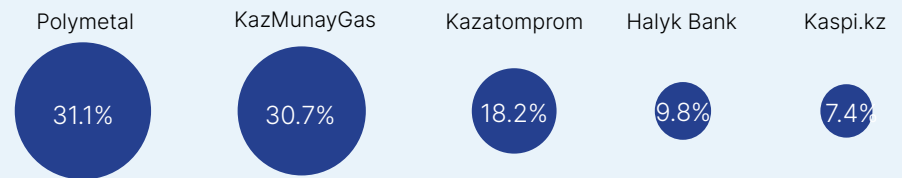
Polymetal was the most traded equity in 2023, increasing its trading share significantly from 2.5% to 31.1% over the year, followed by KazMunayGas common shares, which accounted for 30.7% of trading. At the same time, Kazatomprom common shares and GDRs accounted for 18.2% of total trading for the year.

Highlighting the AIX's global significance, non-residents accounted for 31% of stock trading for the year, with their share peaking at 61% in November.

Top-5 Equities in Terms of Price Change in 2023



Top-5 Equities in Terms of Trading Volume



Debt Market

The AIX debt instruments market experienced unprecedented growth in 2023 by listing 56 debt instruments during the year. Total capital raised

during the period surpassed US\$2 bn, on top of that approximately US\$1.9 bn was traded under various Liquidity Management Programmes.

Debt Capital raised

\$4.2B
Total Debt
Capital raised

+\$2.0B
Total Debt
Capital raised in 2023



AIX CSD Ecosystem

As further confirmation of its global standing, the AIX welcomed 14 new members in 2023, including brokers and custodians from Kazakhstan and Europe, half of which were international companies from Switzerland, Cyprus and Russia. Four out of these 14 new members were incorporated in the AIFC, signifying a growing interest in the AIFC jurisdiction.

As of 2023 year-end, of the 47 companies registered on the AIX and AIX CSD, 37 hold brokerage licenses (four offer both brokerage and custodial services), nine are custodians and one is a central depository. In terms of national affiliation, 21 are foreign companies, six are from the AIFC jurisdiction, one is an international development institution and 19 are Kazakhstan companies.

Polymetal redomiciliation

After approving a primary listing on the AIX in April 2023, with secondary listings in London and Moscow, Polymetal successfully completed its redomiciliation from Jersey to the AIFC in August 2023. This strategic move, in lieu of other financial centres in the Middle East and Asia, underscored Kazakhstan's reputation for providing a politically neutral and stable business environment.

The redomiciliation attracted major funds from BlackRock, the Norwegian Sovereign Fund and other prominent companies, while its AIX listing aided collaboration with global custodian banks, and as a result six major global custodians, including JPMorgan and BNY Mellon, opened sub-accounts in the AIX CSD, increasing exposure and access to the Kazakhstan stock market for frontier and emerging market funds.

The Polymetal redomiciliation led to investors and custodians holding

Polymetal investor securities opening accounts with the AIX CSD through Citibank Kazakhstan, which is a member of the AIX CSD.

Overseas institutional and retail investors currently hold US\$1.2 bn of the US\$1.3 bn Polymetal shares held in the AIX CSD. Retail investors from about 40 countries hold accounts in the AIX CSD.

Redomiciliation helped Polymetal's share of AIX equity trading more than triple in 2023 from 14% before redomiciliation to 49% post redomiciliation.

- >4,000 new accounts opened by foreign investors from the UK, USA, Europe and others;
- 61% of exchange trades in the November-December hike, making Polymetal the most traded instrument on the AIX (adt);
- At least 6 of the major global custodians now hold accounts with the AIX CSD

Polymetal is a top-15 global gold producer and top-10 global silver producer. It has a portfolio of ten gold and silver production mines and an impressive pipeline of future growth projects.



Retail Investors

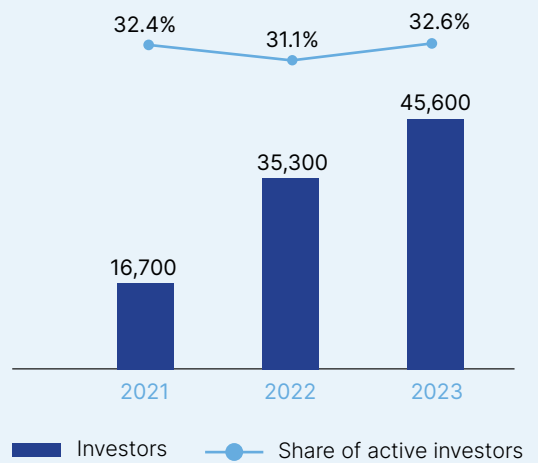
The goal of the AIX is to expand its retail investor base and make investment in securities more accessible, promoting informed and conscious investment decisions. In 2022, it launched a direct IPO subscription platform, within the mobile app TABYS, which allows retail investors to participate in the Privatisation Programme without opening broker accounts.

The TABYS app, with over 45 thousand investor accounts, 16 thousand active users and US\$5.5 mn of turnover, broadly used in the KazMunayGas IPO, KEGOC SPO and Air Astana IPO. It has become a trend-setter in local mobile investing, eliminating the need for broker accounts.

TABYS Investors

45,600
investors

29%
Growth in the number of investors in 2023



Tabys

TABYS is a mobile application designed for retail investors, offering a range of financial products, including 16 Exchange-Traded Notes (ETNs) with a starting investment slightly more than US\$1. It can be used by Kazakhstan residents over the age of 16 years.

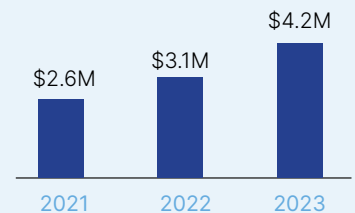


Both growth in TABYS investment and trading volume recorded historic highs in 2023

Volume of Investments

\$4.2M
Total Volume of Investments

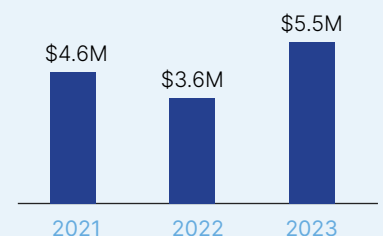
+1.1M
Investments in 2023



Trading Volume

\$5.5M
Total Volume in 2023

+53%
Increase in 2023



KMG – one year since IPO

In 2022, KazMunayGas listed 3% of its shares on the AIX and KASE, raising US\$330 mn for Samruk- Kazyna. The listing was recognised as significant because only 5 issuers had raised over US\$100 mn on the London Stock Exchange in 2022, with the average IPO value at US\$170-180 mn.

The listing was notable because it gave Kazakhstan citizens the option of becoming shareholders in the country's largest oil and gas company, and that led to retail investors filing around 130,000 applications, worth nearly KZT 75 bn. To make it easier for Kazakhstan nationals to take part in national company IPOs, the AIX introduced the TABYS app, which has processed roughly 6,000 applications, totalling KZT 1.05 bn, eliminating paperwork and the need for brokers. The same approach will be used for national company IPOs in the future.

As Kazakhstan companies listed on the major foreign exchanges are facing some tough competition, it makes sense to develop integrated capital markets in Kazakhstan to attract international investor attention and launch local IPOs, which would help domestic businesses capture global investor interest and enable institutional and retail investors to participate in national company IPOs in the early stages, reaping the benefits of early investment.

US\$ 330 mn
raised in 2022

+42.7% post-IPO increase
in share price as at 2023 year-end



KEGOC SPO

In November 2023, KEGOC raised approximately KZT 4 bn as part of its secondary public share offering on the AIX, adding it to total fundraising of KZT 22.7 bn.

TABYS was responsible for raising KZT 300.9 mn during the SPO. In addition, integrating AIX infrastructure with the Halyk Bank mobile application helped raise an additional KZT 1.7 bn, meaning that, in total, half of approved AIX applications were processed through direct subscription with mobile apps.



Air Astana IPO

After three and a half days of conditional trading, Air Astana listed ordinary shares and GDRs on the AIX in February 2024, creating a significant milestone for the Kazakhstan stock market. As part of its preparations for IPO, the AIX introduced a novel concept by offering Kazakhstan investors the opportunity to enter into conditional trading concurrently with global investors on the London Stock Exchange.

Air Astana listed GDRs and shares locally worth the equivalent of US\$215.0 mn, including US\$106.1 mn or 49.3% of them on the AIX. The TABYS mobile app received over 3,400 applications worth over KZT 500 mn from retail investors.



Belt and Road market segment

The Belt and Road Initiative (BRI) incorporates over 70 countries, focusing on global connectivity and infrastructure development. Kazakhstan plays a crucial role in the initiative, with two out of six economic corridors passing through the country, creating opportunities for Kazakhstan and other participating nations to develop infrastructure, improve connectivity and stimulate economic development.

The BRI has enhanced connectivity through 140+ new transport routes and 80+ overseas economic zones.

The AIFC recognises the BRI as a key strategic objective, and with that in mind since 2018 has been actively developing an investment and financial hub for the BRI, raising approximately US\$2.7 bn in foreign investments from BRI-related transactions. It not only contributes to the BRI, but also benefits from Kazakhstan's new economic policies, shaping the region's economic landscape.

The AIX Belt and Road Market (BRM) is a regulated special segment created to support BRI financing. Operations are in renminbi (RMB) and enjoy strong support from Kazakhstan and China.

The AIX aims to be Central Asia's first stock exchange providing global access and a regional financing hub for BRI, ensuring efficient RMB market operations.

China's significant investment in Central Asia, already surpassing US\$136 bn, mainly targets infrastructure projects, while Kazakhstan, a major BRI beneficiary, has over 50 mega projects in place worth US\$35 bn.

The AIX BRM actively engages with a pipeline of potential issuers, encouraging businesses to explore financing opportunities on the AIX, facilitating financial cooperation and driving further economic development across Central Asia, the Middle East and North Africa (MENA), and China through robust capital market participation.

Opportunities available to private companies

The AIX treats customer focus as a core operating principle, creating a wide variety of products and services tailored to meet the requirements of local businesses.

Equity	Regional Equity Market Segment (REMS)	The AIX has created the REMS to cater for medium-sized businesses in Kazakhstan and Central Asia, offering simplified and cost-effective access to equity finance. Key benefits include tailored solutions for medium-sized businesses, an ecosystem that attracts capital and brings in foreign	and regional investors to a dynamic market, reduces the administrative burden on issuers, offering an alternative to bank lending, and creating a streamlined and cost-effective listing process in the investor-friendly AIFC jurisdiction.
	Direct listing	Direct listing allows companies to go public without raising new equity capital, bypassing the traditional IPO process. Existing shareholders initiate sales through an exchange bidding process, setting prices based on matching bids and sales as per AIX Trading Rules. While companies opting for direct listings may choose to avoid a free float initially, they do need to meet the criteria within the	year. Shares traded freely mean existing shareholders have flexibility. Direct listings eliminate the need for underwriters and application books, reducing time and listing costs. This alternative method should empower private companies to secure stock market funding, offering investors a wider range of investment opportunities.
	Mining Segment	The AIX introduced Mining Segment Rules in 2019, creating favourable conditions for mining enterprises to attract financing, distinguishing between large, advanced-stage mining companies and riskier junior firms. Depending on their specific tier, mining companies enjoy exemptions from net income and minimum market capitalisation requirements. Issuers must demonstrate they	employ qualified management and technical personnel, and make use of geological reporting aligned with industry standards (JORC, NI 43-101, and KAZRC). AIX mining segment requirements align with those on global exchanges such as the Toronto and Australian stock exchanges, where mining company listings are common.
	Small and medium-sized business bonds	The AIX has streamlined listing criteria and adjusted standard rates for small and medium-sized enterprises (SMEs), incorporating specific obligations to settle debt in good time. The key benefits of SME	bonds include simplified listing procedures, reduced fees and tailored requirements for entities issuing the bonds, all the while aiming to ease the process of raising capital for SMEs, while minimising associated costs.
Debt	Commercial papers	Commercial papers are common, unsecured short-term debts used by established companies to address immediate working capital needs such as payroll, accounts payable and inventory expenses. Offered to accredited investors, they are typically	sold in increments of US\$100,000, and are usually discounted below par value, reflecting market yields, and mature within days or one year. Buyers include corporations, financial institutions, affluent individuals and short-term investment funds.
	Liquidity management programme	The liquidity management programme helps organisations manage cash flow by reallocating funds from profitable ventures to those needing more capital within the same corporate entity. The securities offered are unsecured and exclusively available to Accredited Investors.	<i>BI Development, one of the largest developers in Kazakhstan, was the first AIX issuer to register a Liquidity Management Programme to service funding needs within a single group of companies so that companies can issue debt instruments within just a few days. Kazakhstan Temir Zholy has also successfully registered its own Liquidity Management Programme.</i>

Cooperation

In 2023, AIX strengthened its international ties by signing a number of agreements. The partnerships mark strategic steps towards a seamless and efficient trading experience for investors.

1. Tabadul Partnership

The AIX joined the Tabadul Digital Exchange Hub, established by the Abu Dhabi Securities Exchange (ADX), and joined by the Bahrain Bourse (BHB) and Muscat Securities Market (MSX).

Tabadul, launched in July 2022, is the region's first digital exchange hub, fostering mutual market access and enhancing global cooperation.

The agreement enables remote access for exchange brokerage firms, promoting bilateral relations and cooperation and allowing investors to trade seamlessly across the ADX and AIX through licensed brokers.

2. Bitfinex collaboration

The AIX and Bitfinex Securities, licensed by the AFSA, signed a Memorandum of Understanding for tokenised securities. Initiatives include the dual listing of conventional and tokenised securities, establishing post-trade links and jointly promoting efficient bridges between conventional and tokenised trading venues.

Assel Mukazhanova

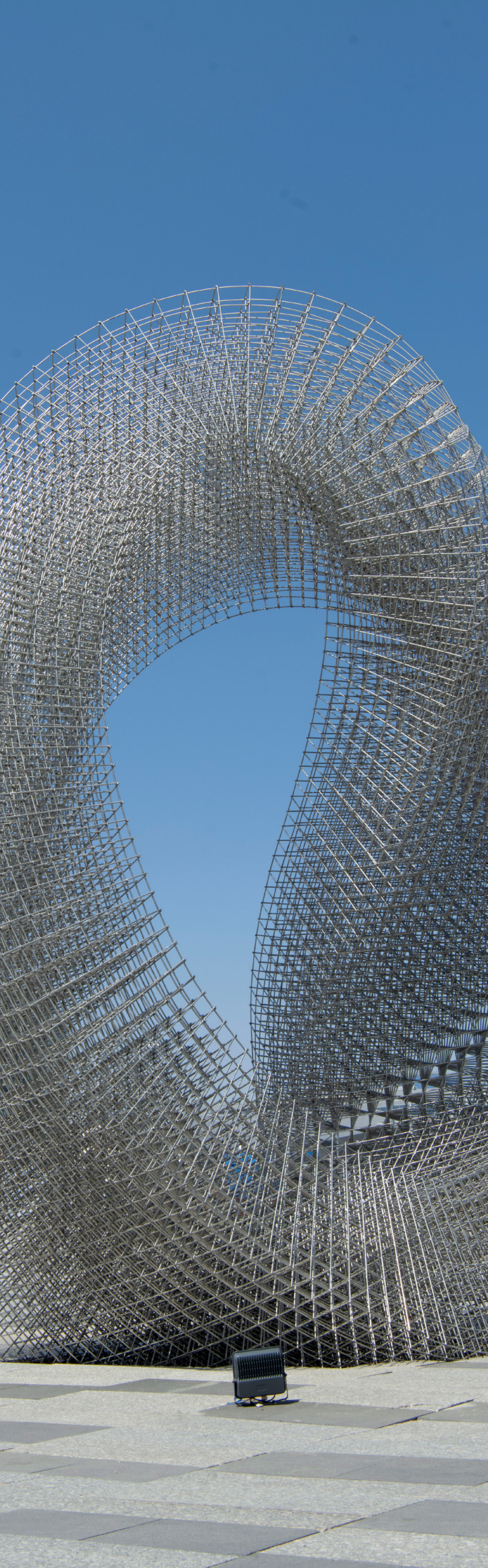
Chief Executive Officer AIX:

"One of the strategic goals of the AIX is to facilitate the incorporation of international expertise and international stock market culture to Kazakhstan and bring offshore investors to the country. It should also open up new opportunities for Kazakhstan investors and expand the range of instruments available to market entities, for example retail investors will be available trade directly through licensed brokerage houses in both markets. The ADX and AIX trading network is a good fit with AIX targets and should help expand the boundaries between Kazakhstan and GCC markets."

Abdulla Salem Alnuaimi

Chief Executive Officer, ADX:

"The signing of this agreement with AIX reaffirms ADX's commitment to establishing a regional and global network for knowledge and information sharing through Tabadul, whose goal is to bolster liquidity and mutual long-term economic growth with our partners. Our partnership with the AIX reinforces our commitment to driving market connectivity and transforming trading. This marks the beginning of an exciting new chapter, and we are determined to enhance market efficiency and foster economic growth on a global scale."



AIFC Participants

Catalysts of the AIFC's Dynamic Financial Ecosystem

The Kazakhstan Government set up the AIFC in a strategic move to diversify its resource-oriented economy by creating a special legal mechanism for financial services firms that would contribute to the region's sustainable economic development through innovative financial products and services. Progress has been substantial, as it has attracted 2,395 participants from 78 countries, and has emerged as a unique and influential player in Central Asia.

Our participants

AIFC participants consist of companies registered on the AIFC. While some of them require licenses for their activities, others operate in unregulated sectors. Participants include:

1 Financial Companies

Licensed Financial Companies*

Market institutions; banking and credit organisations; asset management and brokerage companies; insurance, Islamic finance and other companies

Financial Vehicles

Investment funds and special purpose companies

FinTech Lab Companies*

Companies operating in special administrations with specific regulatory requirements for each individual firm

Non-Licensed Financial Companies

Companies, including holdings and companies engaged in other financial activities, not requiring a license because they do not handle client money and their financial sector activities are classified as general

2 Professional Services Companies

Ancillary Service Providers*

Licensed companies providing legal, auditing, accounting, consulting and credit rating services

3 Non-Financial Companies

Companies engaged in other industries, including information and communication; wholesale and retail trade; professional, scientific and technical activities; mining; manufacturing; education; administrative and support services and others.

Authorised and non-authorised entities

AIFC authorised entities are those approved by the AFSA to conduct regulated and market activities and ancillary services. They are subject to meticulous regulatory oversight to ensure compliance with AIFC Rules and Regulations, prudential requirements and continuous reporting obligations. They may benefit from tax incentives, unless they operate in the fintech sector. Authorised entities include financial companies and professional services companies.

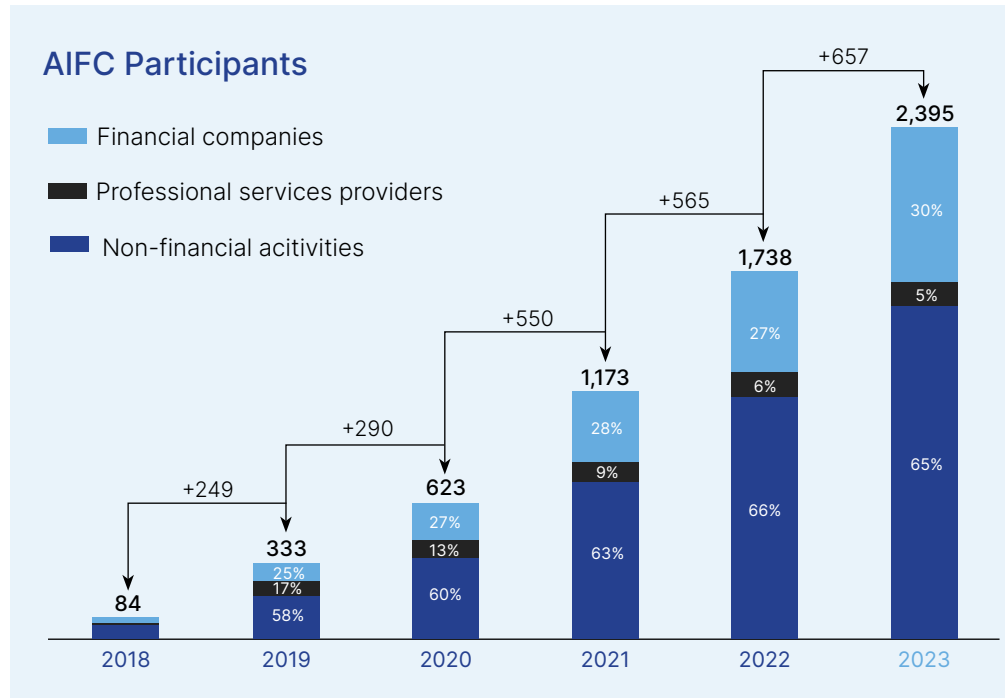
Non-authorised companies, which are non-financial companies engaged in other industries, do not undergo an authorisation process and are registered directly.

*Requiring a license of the Astana Financial Services Authority

AIFC Participants

In 2023, the AIFC registered a record 657 companies, including prominent international investment firms, financial institutions, and banks, attracted by its unique advantages and strategic location in the region, bringing the total number of participants, representing 78 countries, to 2,395 by year end. The truly diverse range of participants reflects the centre's global appeal and its pivotal role as a financial hub.

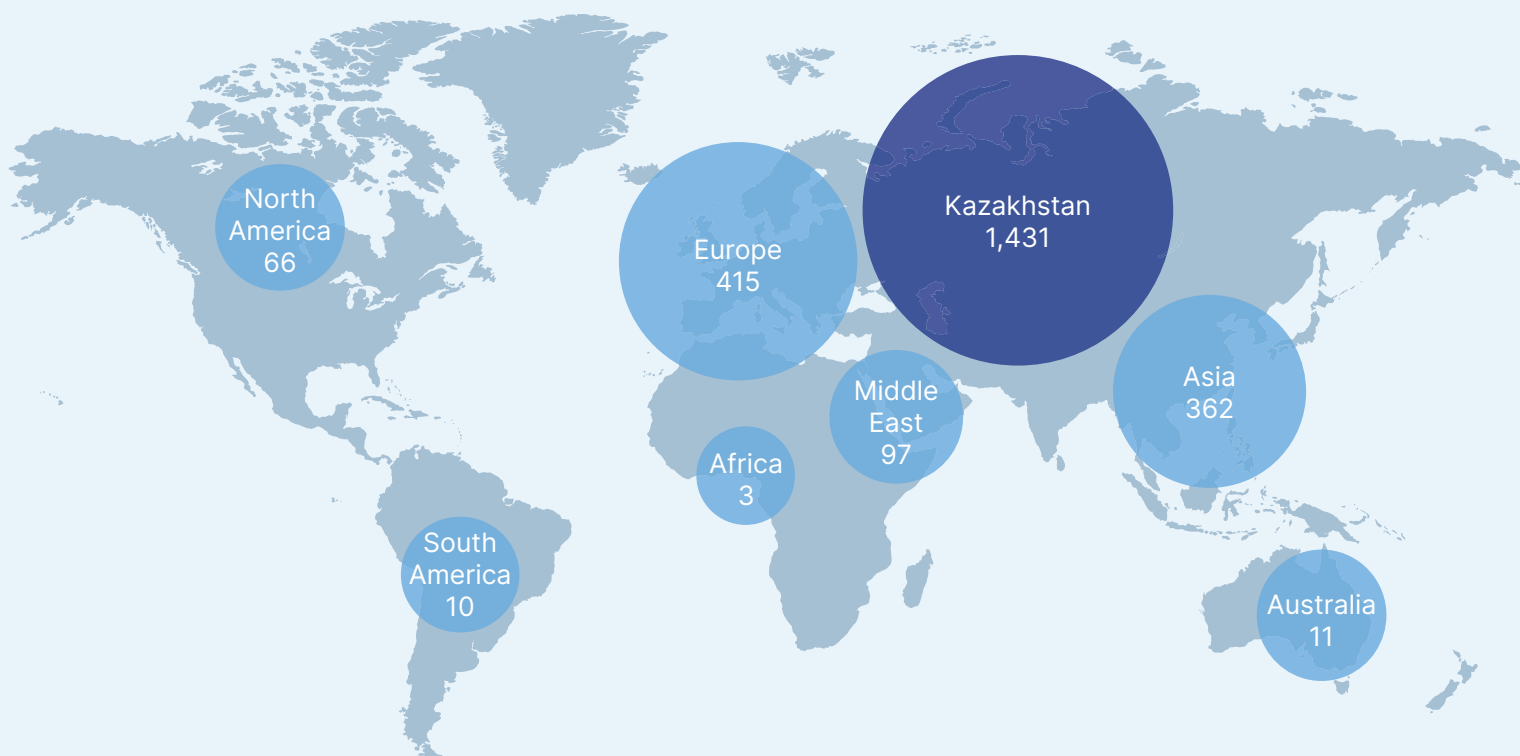
Of the 2,395 participants, 30% are financial firms, 5% are professional service providers, with the remaining 65% categorised as "others".



In 2023, the AIFC welcomed 657 new participants, with the most notable being:

	Caspian Integrated Maritime Solutions Ltd	A joint venture between KazMunayGas and the Abu Dhabi Ports Group to provide marine services for oil and gas projects in the Caspian Sea
	Middle Corridor Multimodal	A joint venture between railway operators Kazakhstan Temir Zholy, Georgian Railways and Azerbaijan Railways to develop a "one-stop" multimodal service on the Trans-Caspian International Transport Route
	SK-Presight	A joint venture between Samruk-Kazyna Invest and Presight AI to digitalise Samruk-Kazyna subsidiary production processes
	KPMC	A joint venture between Singapore's logistics operator PSA International and Kazakhstan Temir Zholy to develop Middle Corridor logistics, thanks to Singaporean company operational and digital solutions and integration with major global hubs
	Equilibrium Capital Zrt.	A Hungarian venture capital and private equity fund management company and the first foreign fund manager to set up in the AIFC
	Turkish Aerospace Industries	An international aerospace and defence company participating in the creation of an industrial aviation park in Astana
	Dutch Clean Tech Ltd	A Dutch municipal and industrial water treatment company with a global portfolio of over 1,000 projects and plans to build a wastewater treatment plant in Almaty Region
	Bank CenterCredit branch	A bank branch providing banking, brokerage and custodial services
	PwC branch	An international audit and consulting company owning a network of companies around the world.

AIFC Participants Map



30

recognised non-AIFC companies from other jurisdictions* apart from AIFC Participants

50%

AIFC accounts for over 50% of all financial companies with foreign participation registered in Astana.

2,395

total number of companies registered in the AIFC (AIFC Participants)

964

companies involve foreign investors (40% of all AIFC Participants)

Europe, Asia and Middle East

the most represented regions (874 companies)

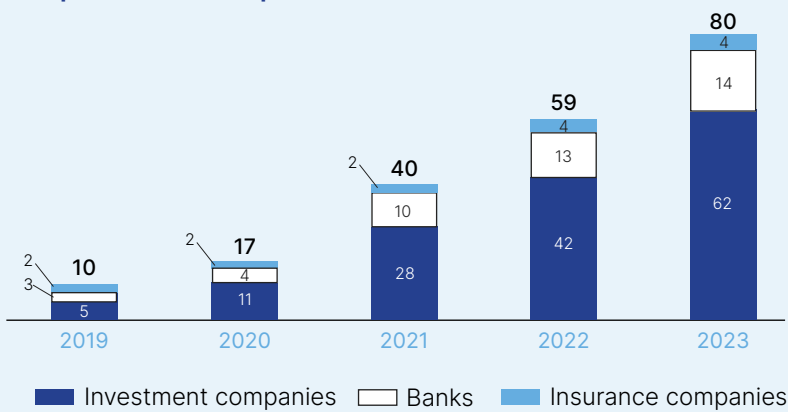
*Recognised Non-AIFC companies (Recognised Non-AIFC Member, Recognised Non-AIFC Market Institution or a Foreign Fund Manager) – companies incorporated/formed outside of the AIFC that are allowed to carry out their activities in the AIFC without having to establish a physical presence

Financial companies ⁷

The number of financial companies in the AIFC has been increasing steadily year-on-year, reaching 718. 2023 saw the number of licensed financial companies involved in asset management, insurance and digital asset trading increase by 30 to 89, which has been crucial in developing AIFC offerings. This trend has contributed significantly to the creation of a comprehensive and sophisticated financial ecosystem in the country, in

line with the AIFC's core developmental focus on financial services. Furthermore, the number of financial vehicles rose to 98, with 39 of them being investment funds managed by licensed companies. In addition, the number of participants operating in the FinTech Lab reached 28. Of the 503 other financial companies, 380 are holdings and 68 - proprietary funds.

Number of licensed financial companies under prudential supervision



Breakdown of Financial Companies



⁷ In accordance with Common Classification of Kinds of Economic Activity in the Republic of Kazakhstan



Asset Management firms

56 out of 89 asset management firms are involved in investment business activities. Of that figure, about 30% are dedicated fund managers, while another 20% operate as brokers. This diversification reflects the broad spectrum of financial services offered and the AIFC ecosystem's attractiveness to the many segments of the financial industry.

The AIFC investment business registered a steady upturn in 2023 for the following reasons:

- The number of assets under management, including investment fund assets, almost doubled from US\$585 mn in 2022 to US\$1 bn in 2023, with the total number of investment funds increasing from 20 to 41.
- The brokerage sector, represented by client assets and money, also more than doubled in value from the beginning of 2023 to US\$2.07 bn. Brokerage clients have also increased from 86,000 to 128,000.
- The volume of assets under advisory increased over the last 12 months, from US\$199 mn to US\$562 mn.
- AIFC venture capital-specialised fund managers enjoyed a 162% increase in subscribed capital from US\$8 mn at the beginning of the year to US\$21 mn by the end, primarily due to start-up funding in the FinTech, HrTech and EdTech sectors.

Provident Fiduciary

Provident Fiduciary Ltd. (PFL), registered with the AIFC in 2020 and licensed in 2021, specialises in managing collective investments, organising transactions with financial instruments and providing investment consulting services. The company chose the AIFC as its operating location for several key reasons: the low entry barrier, a regulatory environment conducive to investment inflows and the ability to issue a wide range of financial instruments.

Initially focusing on organising transactions with investment instruments, PFL gradually expanded its service portfolio by the summer of 2022 and registered its first AIFC funds, including the inaugural Real Estate Investment Trust (REIT).

As of the end of 2023, PFL manages three funds, one designed for hedging currency risks for large companies with revenue in KZT, and two real estate investment funds. The expansion underscores PFL's growing presence and capabilities in the AIFC ecosystem, positioning it as a significant player in the management of collective investments and financial instruments in the region.

"The wide range of financial instruments provided by the AIFC regulatory environment takes into account the interests of both investors and companies requiring financing."

**PROVIDENT
FIDUCIARY**
LTD.

Benefits for financial services participants

Companies providing regulated financial services may benefit from the following exclusive AIFC concessions:

- A robust legal and regulatory framework
- Preferential tax treatment
- The recognition of foreign regulator-issued licenses
- Redomiciliation from foreign jurisdictions

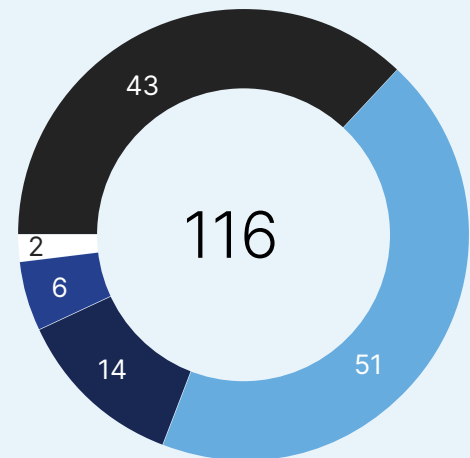
Taxes	Kazakhstan	AIFC
CIT	20%	0% for financial companies
VAT	12%	0% for financial companies
WHT on dividends	5-15%	0%

Professional services participants and non-financial companies

There were 116 companies offering ancillary services in the AIFC, with consulting firms responsible for 51 of them. In addition, the number of non-financial companies rose to 1,561. Notably, 36% of other companies operate in the information and communication sector, while 14% are involved in professional, scientific and technical activities, and 12% in the wholesale and retail sectors. This diversity testifies to a robust and multifaceted business environment in the AIFC, contributing to its overall economic ecosystem.

Professional services companies

- Diversified Services
- Consulting Services
- Legal Services
- Audit Services
- Credit Rating Services

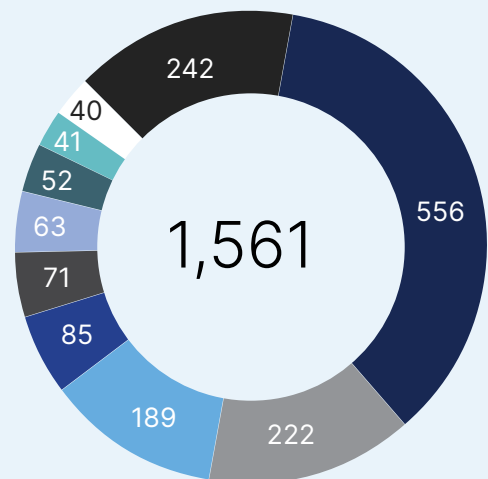


International Trading System (ITS): the AIFC's first multilateral trading facility (MTF)

ITS was the first company to receive an AFSA license to operate an MTF through which retail investors can access the global securities market. The registration process showcases that the AIFC is ready to accommodate sophisticated financial entities and expand the AIFC's range of financial services, providing a platform for trading in instruments such as equities, bonds and derivatives. The MTF began operations in mid-2023, and registered notable trading levels of US\$168 mn in 2023 and daily average trading of US\$1.5 mn. This level of diversification adds to the AIFC's appeal as a comprehensive financial ecosystem that meets the diverse needs of its members. It also enhances the AIFC's competitiveness as a financial centre offering regulated and well-organised trading platforms tailored to the requirements of institutional investors, fund managers and other market participants.

Non-financial companies

- Information and Communication
- Professional, Scientific and Technical Activities
- Wholesale and Retail Trade
- Others
- Mining
- Manufacturing
- Education
- Administrative and Support Service
- Transport and Communications
- Construction



Investment raised via the AIFC platform

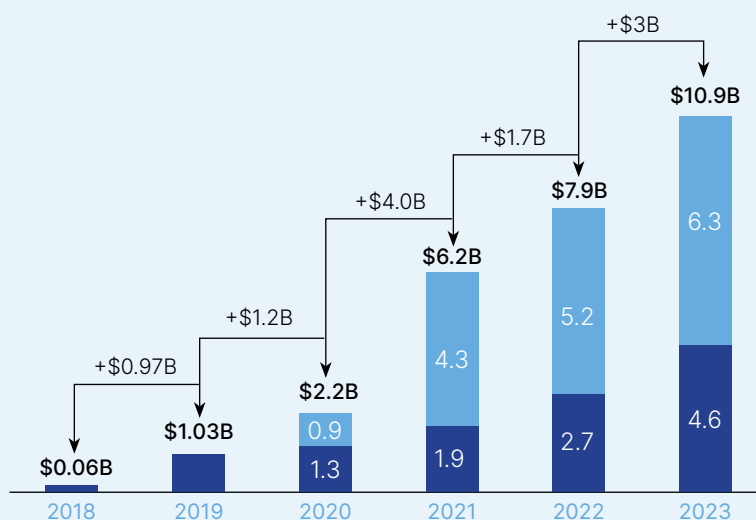
The AIFC's goal was to attract US\$10 bn to the country's economy by 2025, which it achieved in 2023, attracting record investments in the last six years of US\$10.9 bn, mainly consisting of portfolio investments and investments of the AIFC participants.

Since the launch of official trading, the AIX has attracted portfolio investments of US\$4.6 bn (+\$1.9 bn in 2023), including US\$365 mn of equity capital and US\$4.2 bn of debt capital. Portfolio investments increased thanks to the increased supply of debt securities in the public and private sectors, and the IPOs and SPOs of some of Kazakhstan's largest companies, such as Kazatomprom, KazMunayGas and the technology giant Kaspi.kz.

The majority of direct AIFC participants investments of US\$6.3 bn came from investment funds, as well as from Chinese development institutions such as China Construction Bank and China Development Bank.

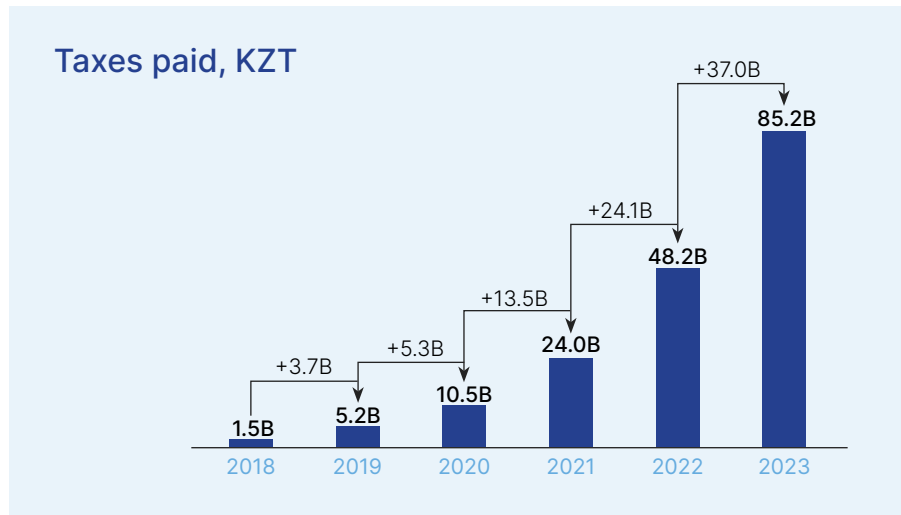
Investments attracted

- Portfolio Investments via Capital Markets
- Investments by AIFC Participants



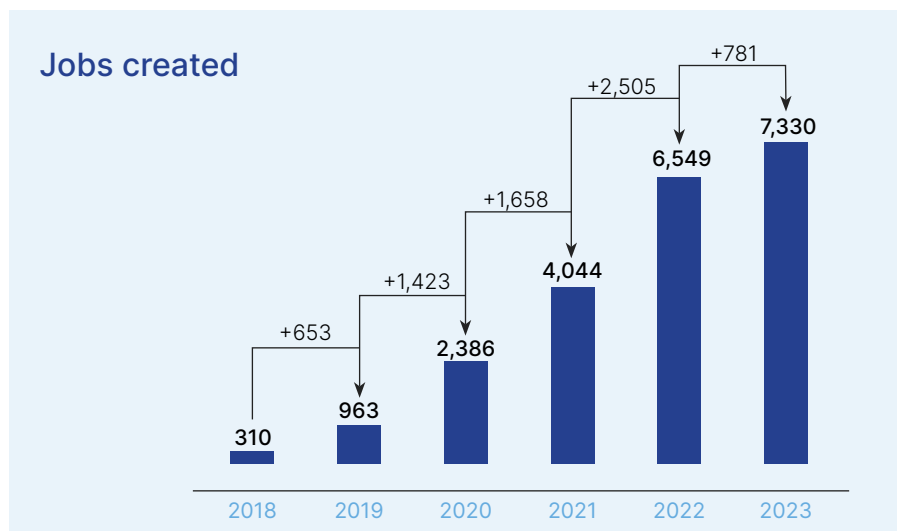
Taxes paid by AIFC participants

Amidst increasing business activity, total direct tax payments from AIFC participants over the years reached a record KZT 85.2 bn by the end of 2023. Financial companies account for 35% of all taxes paid (KZT 29.9 bn), professional services companies - 15% (KZT 12.5 bn) and other companies - 50% (KZT 42.8 bn).



Local jobs created by AIFC participants

Participants remain focused on supporting the local employment market by hiring and nurturing local talent, creating 781 new jobs in 2023 alone, bringing the total number of jobs created since AIFC inception to 7,330. We take pride in the fact that 36% of these professionals work in the information and communication sector, reflecting AIFC's commitment to fostering growth and innovation in key industries.



Baker Tilly

Baker Tilly Qazaqstan Advisory, established in 2015, swiftly became a prominent and rapidly expanding consulting firm in Kazakhstan. As an independent member of Baker Tilly International, one of the world's nine largest accounting and consulting networks, the company leverages extensive global reach and expertise to serve its clients.

Recognising its growing prominence as a pivotal financial hub, Baker Tilly Qazaqstan Advisory strategically aligned itself with the AIFC in 2021 to foster enhanced collaboration in its

international network and capitalise on the burgeoning opportunities in the AIFC ecosystem. The company's decision was further fuelled by its confidence in the Centre's future potential, driven by the increasing participation of key stakeholders.

Baker Tilly Qazaqstan Advisory has been especially complimentary about the AIFC's streamlined online authorisation and post-registration services, which have significantly reduced administrative burdens and expedited many procedures, providing tangible benefits for the company.

Baker Tilly Qazaqstan Advisory actively supports firms seeking to join the AIFC, and in 2023, facilitated the receipt of an In-Principal Approval Letter for One Capital Ltd, a notable achievement authorising One Capital to establish and manage collective investment schemes for AIFC, underscoring Baker Tilly Qazaqstan Advisory's commitment to driving the growth and development of the AIFC ecosystem.



Our Products

Fund Management

As it looks ahead, the AIFC will strategically shift its focus towards expanding the financial services market by emphasising the development of a robust fund management industry in Kazakhstan because the current volume of assets under management currently lags behind bank deposits in comparison to other markets, presenting compelling growth opportunity for the AIFC. The vision for 2030 is to substantially increase the AIFC's Assets under Management levels, emphasising the importance of nurturing a thriving local fund management industry and providing essential public equity and debt market liquidity.

The AIFC continues to witness notable surges in interest from companies seeking involvement in the fund management sector, with half of licensed participants applying to get involved in fund management in 2023. Approximately 70% of authorised firms are engaged in investment, with about 30% of them classed as dedicated fund managers, and another 20% as brokers. This trend highlights the AIFC's increasing recognition as a hub for fund management in the region.

The fund management sector plays a pivotal role in the AIFC's ability to diversify investment opportunities and manage assets efficiently. By providing access to global markets and employing advanced technology, fund managers can offer investors a wide array of investment options tailored to their needs.

Over US\$1 bn of assets under management. The volume of managed assets, including investment fund assets, almost doubled from US\$585 mn in 2022 to US\$1 bn in 2023, while the total number of investment funds increased from 20 to 41. The volume of assets under advisory increased significantly over the last 12 months from US\$199 mn to US\$562 mn. Likewise, AIFC venture capital-specialised fund managers experienced a dramatic increase in

subscribed capital year-on-year, from US\$8 mn to US\$21 mn.

Diverse fund structures. The AIFC introduced limited partnerships and protected cell companies as new fund vehicles for fund incorporation in 2023, meaning funds can now be established as:

1 Investment Companies

which have better flexibility to create and redeem shares than traditional companies. They can be structured as either open-ended investment companies or closed-ended investment companies, with the former allowing investors to buy and sell shares at any time, and the latter offering a fixed number of shares traded on secondary markets.

2 Protected Cell Companies

which allow fund managers to segregate each company cell's assets and liabilities at the same time maintaining common management. This legal structure provides additional investor flexibility and protection by isolating risks associated with different investment strategies or assets.

3 Limited Partnerships

which consist of a general partner and limited partners, with fund managers typically serving as the general partner, and clients or investors as limited partners. Limited partners have limited liability and are not involved in partnership management, with the general partner assuming management responsibilities.

Each of these legal structures offers unique advantages and considerations for fund managers and investors, allowing for tailored fund management approaches within the AIFC's regulatory framework.

The AIFC has expanded its list of specialist funds to include umbrella funds, fund of funds and master-feeder structures. The full list of specialist funds is as follows:

1. Islamic Investment Funds
2. Private Equity Funds
3. Venture Capital Funds
4. Real Estate Investment Trusts
5. ESG Funds
6. Umbrella Funds
7. Fund of Funds
8. Feeder Funds
9. Master Funds
10. Any other funds that comply with specific rules or guidelines

The logo for AIFC Management, featuring a stylized 'C' icon followed by the text 'AIFC MANAGEMENT'.The logo for Astana International Exchange, featuring a stylized 'A' icon followed by the text 'ASTANA INTERNATIONAL EXCHANGE'.

The AIFC Investment Tax Residency Programme

Officially launched on September 14, 2022, the programme offers foreign investors and their immediate families a multi-entry investor visa for Kazakhstan upon investing in AIFC instruments such as securities listed on AIX, investment funds, and the authorised capital of companies registered in the AIFC, as well as Kazakhstan tax residency under simplified conditions.

Once the investor fulfills all programme requirements, as outlined in the programme Regulations, the AIFC issues a request for the provision of an investor visa, facilitating the subsequent submission of visa documents in compliance with Kazakhstan's migration legislation. Successful applicants are granted an investor visa or temporary residence permit valid for a period of up to five years.

Additionally, investors have the right to apply for Kazakhstan tax residency in a simplified manner, with exemption from taxation on their foreign income. This is subject to an annual payment of a fixed fee to the republican budget, which is equivalent to the 7,000 monthly calculated index of the Republic of Kazakhstan.

The AIFC works on the promotion of the programme at the regional and global levels in partnership with local and international authorised agents and processes applications.

Green Finance Centre

AIFC, represented by the GFC, stands as a trailblazer in advancing sustainable finance in Central Asia and further afield. As a strategic partner, the GFC provides governments and private entities with invaluable insights and guidance on sustainable finance, empowering stakeholders to navigate the finance landscape, fostering the harmonious integration of economic growth with environmental and social stewardship. It offers external assessment services to verify the eligibility of financial instruments against sustainability criteria and is the only organisation in Central Asia accredited by the Climate Bonds Initiative and recognised by the International Capital Markets Association as an external assessment provider. This distinction has propelled it into a leadership position in the sustainability verification of financial instruments.

According to the Global Green Finance Index (GGFI'12), which assesses the quality and depth of green finance offerings in financial centres, Astana, represented by the AIFC, is a regional leader in Eastern Europe and Central Asia.

Advancing Sustainable Finance in Kazakhstan

Kazakhstan has set itself an ambitious goal to achieve carbon neutrality by 2060, and to achieve this the government needs to select strategic and well-timed actions to create a robust green finance foundation through a tough regulatory framework to align financial practices with climate goals and steer the nation toward a sustainable and resilient future.

Since its inception, the GFC has played a key role in creating a conducive regulatory framework for Kazakhstan's green financial system, creating key

milestones such as the Green Financial System Concept (2017) and drafting AIX Green Bonds Rules (2018). Building on its foundational work, the GFC has proposed critical amendments to the country's Environmental and Entrepreneurial Codes, leading to the adoption of key definitions for green financing and economic incentives for green loans and bonds (2021), paving the way for a more transparent and predictable environment for sustainable finance.

Acting as a bridge between issuers and investors interested in sustainable projects, the AIFC raises the status of green and social financing on capital markets, allowing the GFC to play a pivotal role in developing a regulatory environment that adheres to international standards, ensuring the longevity and effectiveness of green and social finance initiatives in the region.

1st

Platform for the development of green and sustainable finance in Kazakhstan, Central Asia and the EAEU region

GFC is the 1st organisation in Central Asia to acquire Climate Bonds Initiative accreditation and to be recognised by the International Capital Markets Association as an external assessment provider



Global ESG Market

The market for GSS+ bonds (green, social, sustainability and sustainability-linked bonds etc.) is estimated to account for a 5%-13.5% share of the total global bond market in 2023, and predicted to grow further in coming years.

Meanwhile, the demand for enhanced ESG disclosure is growing

quickly despite the existence of several different ESG disclosure standards, such as GRI, TCFD, SASB, CDP etc., with the newly formed International Sustainability Standards Board (ISSB) adopting two reporting standards in 2023. Many jurisdictions have begun to consider sustainable development in a broader context, paying attention to social factors, while

a number of emerging economies, including Georgia and Mongolia, have adopted national sustainable or SDG taxonomies consistent with the social policy goals of other countries. Russia adopted its social taxonomy in 2023, while the EU is debating a draft social taxonomy bill proposed by a sustainable finance technical expert group.

66%

of European institutional investors say they plan to stop investing in non ESG-funds in the future, according to a PwC survey

US\$40 trillion

Bloomberg predicts that ESG assets are on track to surpass US\$40 trillion by 2030, representing over 25% of total AuM

US\$983 bn

of green, social, sustainable, and sustainability-linked bonds issued globally in 2023, according to ING

Kazakhstan's Impact on Decarbonisation Initiatives

By the end of 2023, the Kazakhstan sustainable finance market had listed a total of KZT 277.8 bn* (US\$611 mn) of bonds and loans, with the GFC responsible for KZT 155.9 bn, specifically green securities, including green bonds and green loans, which made up 86% of this amount.

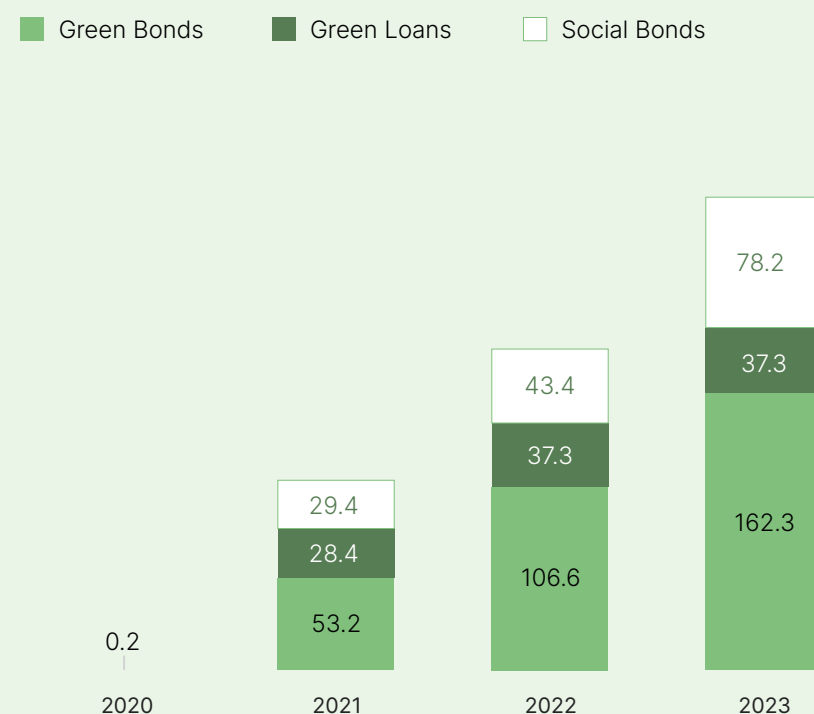
Renewable energy and energy efficiency projects, such as solar power plants and wind farms, street lighting network expansions and electricity grid upgrade account for 34.2% and 28.6% of green bonds and loans, and go a long way towards reducing greenhouse gas emissions and improving energy efficiency.

Leader in Financial Instrument Sustainability Verification

In 2023, the GFC reviewed over 67% of green bonds and loans listed in Kazakhstan. It has also extended its influence significantly to the wider Central Asian region.

*This amount includes all bonds registered, including those not yet listed

GSS listed issues and loans in Kazakhstan, KZT bn cumulative



The year of sustainable firsts

2023 marked several landmark achievements in the sustainable finance landscape, showcasing the GFC's vital contributions in Central Asia:

First CBI Certified Green Bond in Central Asia: The historic green bond was the region's first environmentally sustainable investment to meet CBI climate bond standards and generated US\$15 mn, which was used to build a 15 MW wind farm in Akmola Region, a 153 MW wind farm in Aktobe Region, and a 50 MW solar power station in Karaganda Region, emphasising the Centre's commitment to sustainable energy initiatives. Many private bank and investment fund listings signify a significant stride in promoting green finance and responsible investment in Central Asia.

First SLB issuance in Central Asia: The advent of the first Sustainability-Linked Bond (SLB) issuance in Central Asia heralds the onset of a new era in global sustainability markets, marked by innovative financial products.

In November 2023, Almaty Power Plants collaborated with the Eurasian Development Bank to commit up to KZT 236.8 bn (US\$520.9 mn) to the launch of Central Asia's first SLB in 2024, leveraging a sustainability-linked financing framework aligned with International Capital Market Association standards. The SLB's underlying projects focus on transitioning Almaty's coal-based thermal power plants to gas, to achieve a substantial 42% reduction in emissions by 2030.

Kyrgyzstan's first Green Bond supported by the GFC: Kyrgyzstan's inaugural green bond represents a significant milestone for the country's sustainable finance sector. Issued by Doscredo Bank, the bond was worth Kyrgyz Som 85 mn (approximately US\$963,000) and reflects the Centre's commitment to financing environmentally friendly projects and initiatives overseas. Proceeds will be used to finance or re-finance projects such as renewable energy, energy efficiency, pollution prevention and control, sustainable water and waste use, clean transport, sustainable forest

management and biodiversity and ecosystem conservation, adapting to climate change, and green buildings.

Uzbekistan's first Corporate Green Bond supported by the GFC: Uzbekistan's first corporate green bond, issued by the SAIPRO GROUP, has been hailed as a significant development in the country's financial landscape, with the proceeds of Sum 50 bn (US\$4 mn) going to finance a project integrating environmental technology into the construction of the Green Hills Resort in Uzbekistan, which involves creating renewable energy sources and related infrastructure, as well as purchasing and installing water treatment facilities.

Kazakhstan's first two Subsidy Programme green bonds: KazWind Energy and Jet Group Ltd's inaugural green bonds mark a significant milestone in channelling subsidies to environmentally sustainable initiatives, highlighting the commitment to renewable energy and establishing a wind farm (as in the case of KazWind Energy's KZT 3 bn bond) and developing low-carbon public transport infrastructure (proceeds from the KZT 3 bn JET Group green bond will be used to expand the current emission-free e-scooter fleet).

Global transition finance

As SLBs gain momentum globally, they are poised to become a critical tool for transition financing in Central Asia, encouraging environmentally sustainable practices among traditionally 'brown' companies with ambitious transformation and energy transition plans. According to the CBI, a total of US\$76.4 bn of SLBs were issued in 2022 (across 142 listing), rising to US\$241.5 bn by the first half of 2023, which is nearly 5% of the total value of the labelled debt market.

Driving sustainable finance in Central Asia

The GFC plays a pivotal role as a methodological hub for sustainable finance in Central Asia, establishing the essential groundwork for sector growth and advancement across the region. Notable instances include the formulation of a draft Sustainable Finance Taxonomy for Kyrgyzstan in 2022 and the adoption of a Model Green Taxonomy for the Eurasian Economic Union (EAEU) the same year, all of which demonstrate the AIFC's dedication to promoting sustainable finance and collaborative efforts in the region to develop green finance initiatives.

The GFC has been expanding its role as the Green Investment Principles regional office for the Belt and Road initiative (GIP) since 2021, by firstly actively helping regional banks adopt environmentally conscious practices aligned with ESG principles to ensure their activities are more sustainable and more appealing to international investors, fostering affordable investment in global markets. Secondly, it acts as a gateway for regional green projects to international capital markets. In its role as a link, the GFC is actively contributing to the development and visibility of sustainable initiatives across Central Asia. Current GIP members in Central Asia include the AIX, Doscredo Bank, Damu Fund, Eurasian Development Bank as observers and the Green Investment Group as a supporting organisation.

These achievements collectively reflect the GFC's transformative impact in fostering sustainable finance across the Central Asian region, setting the stage for a more environmentally conscious and responsible financial landscape.

In 2023, the GFC made further efforts to enhance its regulatory framework by:

Building up Kazakhstan's Green Taxonomy and expanding upon the achievements of the initial green taxonomy launched in 2021 so as to provide a more comprehensive classification of green projects, fostering environmental and social well-being, including by categorising gas and nuclear projects as transition projects. In addition, the criteria for classing facilities as "green buildings" have been expanded, reflecting the GFC's commitment to accommodating a broader spectrum of environmentally sustainable initiatives.

Promoting Social Financing in Kazakhstan through collaboration with government ministries and active efforts in shaping a draft Social Taxonomy, which is due to be officially adopted in 2024 as a comprehensive classifier of social projects, providing transparency and clarity for private investment in the social sector.

Promoting Green Loans in Kazakhstan. Currently, the value of the green loans extended by the top-10 commercial banks in Kazakhstan in 2021-2023 was KZT 351 bn⁸, which is roughly 1.17% of the total bank lending portfolio at the end of 2023. The GFC estimated that green bank loans as of mid-2023, including from the Development Bank of Kazakhstan, accounted for a similar figure of 1.15%. In contrast, based on data from 2014, many emerging and developed countries, including China, Japan, Italy, the UAE, the Netherlands, Spain, Hong Kong and Germany, reported an average share of green loans exceeding 10% of their overall lending portfolio. To address the disparity, the GFC entered into discussions with the Association of Financiers of Kazakhstan to spearhead initiatives to enforce green loan portfolio disclosure requirements for banks and various financial institutions.

Paving the Way for Government Green Bonds in Kazakhstan and playing a significant role in helping the Ministry of Finance prepare for issuing sovereign green bonds. Amendments to the Budget Code and corresponding by-laws, scheduled for adoption in 2024, will enable the Ministry of Finance to issue green bonds to fund eco-friendly projects, showcasing Kazakhstan's commitment to sustainability.

Introducing Green Vehicle Financing. In a move towards fostering responsible investment practices, the AIFC developed an ESG fund framework in its Collective Investment Scheme Rules to enable investors to support companies prioritising sustainability and responsible practices by introducing new types of specialist funds. The GFC is also working on the concept of a national green financing vehicle for Kazakhstan which, once operational, can be scaled up to the Central Asian region with governments, national development institutions and international funds and MDBs as potential members.

Creating an OTS Green Finance Council. In view of President Kassym-Jomart Tokayev's proposal in November 2021 at the VIII Summit of the Cooperation Council of Turkic States to develop the green capital market through the AIFC, the GFC began working with government bodies and stakeholders responsible for developing green and sustainable finance from participating and observer countries in the Organisation of Turkic States (OTS) to create a Turkic Green Finance Council that would report to the OTS. The draft Declaration establishing the Green Finance Council and the corresponding Concept drafted by the GFC were supported informally by all parties, and preparations are underway to have the Declaration signed in 2024.

Expanding sustainable financing opportunities

As its contribution to the market, the GFC is planning to develop a range of new financial products, such as green and social Sukuk, which are Islamic financial instruments aligned to sustainability principles, and in doing so attract a wider range of investors to cater to different market segments.

The GFC's journey showcases its continuous evolution from basic regulatory work to regional leadership and forward-thinking initiatives, solidifying its position as a catalyst for sustainable financing in Central Asia.

Towards carbon neutrality

The AIFC is key to ensuring Kazakhstan's Emissions Trading System (ETS) aligns to the nation's commitment to be carbon neutral by 2060, and with that in mind, efforts are already underway to establish a transparent carbon trading platform, with the AIFC leveraging its expertise to work with stakeholders and involve them in negotiations. Kazakhstan stands out as the only country in both the EAEU and CIS to have formulated and implemented an ETS, having already contributed to 25 such systems across the globe. Positioned to upgrade national carbon trading system infrastructure, the proposed regional hub at the AIFC will seek substantial private investment for eco-friendly projects, contributing to tangible greenhouse gas emission reductions. Leveraging its capabilities through the AIX, the AIFC is looking to expand its carbon pricing tool, introduce an allocation of emission quotas in return for a fee, and increase ETS coverage.

⁸According to data presented by the Kazakhstan Agency for Regulation and Development of Financial Market at PwC's "Green Finance: Development, Challenges and Opportunities in Eurasia" Conference held on 13 February 2024.

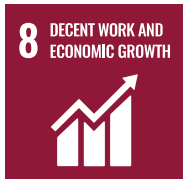
Attaining UN Sustainable Development Goals



- The social financing market has grown since the emergence of social bonds. Roughly 84% of all social bonds listed in Kazakhstan are targeted specifically towards gender-related initiatives, directing funds to projects promoting women's empowerment, gender equality and financial access for all.



- Commitment to investing in a first SLB issuance (described above)
- Green bond issues
- Capacity building activities in GIP regional offices
- Implementation of a first green project under subsidy programme (described above)



- Development of a sustainable finance market
- Expanding the range of available sustainable financing instruments



- Developing new sustainable finance products (SLB's)
- New forms of external assessment (first CBI certification)



- Developing a green finance market
- Kazakhstan's green finance market is worth KZT 200 bn
- GFC verified green bonds in Kyrgyzstan and Uzbekistan are worth US\$5 mn in 2023
- Commitment to investing in a first SLB issuance (described above)
- AIFC participation at COP28
- The Annual Green Growth Forum and Green Finance Awards



- The AIFC is a member of the Financial Centres for Sustainability (FC4S), uniting financial centres around the world and working to develop a sustainable finance market
- The GFC is the Green Investment Principles regional office for the Belt and Road initiative



Islamic Finance

Islamic finance is a strategic focus area for the AIFC due to its immense growth potential and the sizable Muslim population in Central Asia and beyond. The principles of social and ethical standards, fairness and risk-sharing inherent in Islamic finance further enhance its appeal to both Muslim and non-Muslim individuals seeking ethical financial solutions. To this end, the AIFC has cultivated a conducive environment for Islamic financial institutions, catering to both retail and corporate sectors. The Centre has implemented a regulatory framework aligned with the highest standards and practices in Islamic finance, which is evidenced by its membership in key organisations such as the Islamic Financial Services Board (IFSB), Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), and the General Council for Islamic Banks and Financial Institutions (CIBAFI), underscoring its commitment to advancing Islamic finance on a global scale.

Growing Islamic finance ecosystem

Under the AIFC regulatory framework, designated entities are permitted to undertake a wide spectrum of Islamic finance activities, as long as they comply with Shariah principles, such as Islamic banking, Islamic financing, Islamic insurance and reinsurance (takaful and re-takaful), Islamic fund management, and issuing Islamic securities, including shares and Sukuk.

To help create a diverse ecosystem, the AIFC currently hosts Islamic finance firms from countries such as Qatar, Malaysia, the UK, USA, Malaysia, Bahrain and Russia (Tatarstan), most providing consulting services in Islamic finance. One such bank with operations at the AIFC, Alif Islamic Bank, launched operations in April 2023, providing a comprehensive range of retail and corporate financing services.

The Centre also supports Islamic fintech innovation through its FinTech Lab, which helps companies test their business models. One such company is Proportunity, a crowdfunding platform providing investment products in compliance with Shariah principles. In addition, the only rating agency created to provide services to the Islamic financial market, the International Islamic Rating Agency, is also an AIFC participant.

Immense market potential

A survey⁹ conducted by the AIFC with the support of Islamic Development Bank reveals significant potential for Islamic financial products in Kazakhstan. Projected demand indicates that new Islamic deposits could potentially reach KZT 2.8 trillion in value, and constitute approximately 42% of current bank deposit portfolios. Moreover, the demand for Islamic unsecured financing is

estimated to reach KZT 1 trillion, while the demand for Islamic mortgages and car financing may reach KZT 1.6 trillion and KZT 1.1 trillion, respectively. These figures emphasise the substantial market opportunity in Kazakhstan alone, without even considering other Central Asian countries where the Muslim population is even larger.

⁹Islamic Finance: Kazakhstan Market Analysis, March 2024

Expanding opportunities

While several Islamic finance firms already have operations at the AIFC and a few banks operate under mainland jurisdiction, the Islamic finance market is still in a nascent stage of development. For instance, Islamic banks in Kazakhstan hold only a 0.2% domestic market share in the country's banking system, in total asset terms, and tend to exclusively cater to the corporate sector and do not serve retail customers and SMEs due to regulatory constraints, limiting their ability to offer a full range of services like traditional banks.

To address the issue of Islamic financial product underrepresentation, especially in the retail sector, and to allow Islamic finance firms to tap into the market's potential, the AIFC, in conjunction with the Kazakhstan National Bank and ARDFM, introduced changes and additions to AIFC Currency Regulation and Currency Transaction Information Provision Rules, effective from 1 January 2024, whereby Islamic banks and Islamic insurance companies operating at the AIFC can offer their services to

Kazakhstan residents, both individuals and businesses, in any currency, including KZT. The changes also allow not only Islamic banks to provide Islamic financing services in the AIFC but also Islamic financial organisations.

To make the AIFC even more attractive to Islamic finance companies, minimum authorised capital requirements have been reduced until November 2024. For example, the authorised capital requirement for Islamic banks has been halved to US\$5 mn. In addition, the Ministry of Finance, Ministry of National Economy and AIFC have issued a joint order exempting financial services licensed by the AIFC regulator, including Islamic banking, non-banking, Islamic insurance and reinsurance companies, from CIT and VAT.

To make it easier for local issuers to list Sukuk, the AIFC worked with DAMU in 2023 to amend the Rules for subsidising bond coupon rates under the national entrepreneurship

development project for 2021–2025 by subsidising Islamic security coupon rates, expanding financing options for businesses and ensuring parity between Islamic and traditional securities.

The AIFC supports development of Islamic financial instruments, and in 2023, one participant, ITS, in collaboration with another, Sahih Invest, launched the Shariah Index, which incorporates 30 large-cap Shariah-compliant stocks listed on ITS.

One of the AIFC's goals is to become a leading centre for Islamic finance, serving Central Asia, the EAEU, the Caucasus, Mongolia, Western China and Eastern Europe. By aligning with international standards and expanding services in this area, the AIFC will be able to attract more participants and investments, supporting economic growth and financial inclusivity in the region.

Alif Islamic Bank

Alif Islamic Bank, has been providing Islamic banking services on the AIFC to both retail and corporate clients since 2022, additionally managing restricted profit-sharing investment accounts, offering money services, including payments and transfers, and assisting in opening and operating bank accounts for both individuals and businesses. The bank's decision to operate on the AIFC was driven by the latter's well-developed Islamic finance legal framework and strategic emphasis on promoting the sector.

Alif Islamic Bank has maintained a solid reputation in all its operations, evidenced by a Certificate of Good Standing received from the AFSA in 2023.

As of 2023, the bank's total retail and corporate segment project portfolio had exceeded KZT 2.7 bn, partially due its leveraging of advanced digital solutions. It also experienced remarkable growth over the last year when its equity capital increased by more than 300%.

The bank acknowledges the ratification of Currency Regulation Rules by both the AIFC and Kazakhstan National Bank in late 2021 as a pivotal moment in the development of the Islamic finance market, as they have unlocked new avenues of opportunity for the bank on the AIFC. Specifically, they allow Islamic banks to set up correspondent accounts in Kazakhstan commercial banks and use them to conclude specific transactions. In addition, recent amendments have been recognised

as beneficial to further expanding the Bank's business operations.

Collaborating closely with the AIFC, the Bank is optimistic about the future of Islamic finance not only in Kazakhstan but also in broader markets. The partnership highlights the Bank's commitment to advancing Islamic finance and contributing to the growth and development of the industry as a whole.



Fintech and Innovation

Since its inception in 2018, the AIFC FinTech Lab has positioned itself as a frontrunner in Central Asia, introducing an international regulatory sandbox to foster fintech innovation. This tailored live environment enables fintech companies to test innovative products and services without immediately facing the full burden of regulatory requirements, spurring the development of financial technology and innovations, and aligning with global trends in over 30 countries worldwide

Sought-after testing environment

Since it launched operations, the FinTech Lab has emerged as a much sought-after destination for financial firms worldwide, with its regulatory “Green List” sandbox now incorporating 106 digital assets and the AIFC’s receipt of over 300 applications for sandbox activities. This overwhelming response highlights the AIFC’s growing recognition as a hub for fintech innovation and experimentation, further solidifying its position as a leading player in the regional fintech landscape.

First sandbox graduates and the rise of crowdfunding platforms

In recent years, the AIFC has witnessed a rise in the number of crowdfunding platforms. To date, the FinTech Lab has granted 10 licenses for crowdfunding activities, and currently, there are four platforms testing their business models in the FinTech Lab. In 2023, the iKapitalist crowdfunding platform, a former two-year sandbox member, became the first licensed participant to transition to full AFSA supervision.

The AIFC’s crowdfunding platforms have financed over 300 projects worth over US\$37 mn, spanning diverse sectors such as IT, construction, trade, agriculture, services, manufacturing and engineering. This broad interest highlights the role of crowdfunding in economic development, fund redistribution and SME financing.

As they became well-established business models in the AIFC’s financial services industry, the AFSA adopted a comprehensive regulatory framework for crowdfunding activities in 2023 that permits crowdfunding activity applications without limited sandbox environment testing.

Successful Pilot Project paves the way for a digital asset space regulatory framework

In 2022, the Kazakhstan National Bank, ARDFM, Ministry of Digital Development, Innovation and Aerospace Industry, the Financial Monitoring Agency of Kazakhstan, Association of Financiers of Kazakhstan and AFSA launched a pilot project to link AIFC crypto exchanges with Kazakhstan commercial banks. The project’s main goal was to create a regulated environment for trading in unsecured digital assets, which is key to protecting the rights of both retail and professional investors.

Six AIFC crypto exchanges (Binance Kazakhstan, Biteeu Eurasia Ltd., Top Line Limited, Upbit Eurasia Ltd., Bybit Limited and ATAIX Eurasia Ltd) admitted to the project have begun the active phase of executing fiat transactions with the help of eight Kazakhstan banks (*Halyk Bank, Altyn Bank, Zaman Bank, Freedom Bank, Eurasian Bank, Bereke Bank, Nurbank and Bank CenterCredit*).

Pilot Project results:

US\$240 mn total turnover
63,000 transactions
53,000 clients

1st

Platform in Central Asia to establish a favourable digital asset regulation mechanism

As part of its integrated digital ecosystem development initiatives, the AFSA is legally responsible for organising the issuance, placement and turnover of unsecured digital assets (cryptocurrencies) in the AIFC. At the same time, unsecured digital assets, except for mining assets, are prohibited in Kazakhstan (except in the AIFC).

300 projects were financed through crowdfunding platforms amounting to US\$37 mn

Transaction volumes during the pilot project period reached a record US\$240 mn from over 63,000 transactions, involving more than 53,000 clients. A total of 67 digital assets were approved for trading during the pilot project period.

The strong results confirmed the project's viability, and led the AFSA, in collaboration with the national regulatory authorities, and based on invaluable supervisory insights acquired from the pilot project, to draft comprehensive rules to simplify interaction between a wider range of licensed AIFC entities and Kazakhstan's commercial banks. The new rules were drafted to align with the relevant stipulations of the Digital Assets Law, establishing a structured and regulated environment to promote

transparency and compliance. Their primary objective is to safeguard the interests of investors by ensuring that entities, including fund and investment managers, brokerage firms, custody firms and others, working with digital assets adhere to more advanced requirements.

The initiative represents a significant step towards creating a robust regulatory framework for digital asset activities in the AIFC ecosystem, fostering investor confidence and facilitating the growth of Kazakhstan's digital asset market. The rules complement the AFSA's Digital Asset Activities Rulebook and are effective from 1 January 2024, marking a new era in the digital asset sector for Kazakhstan and the AIFC.

Expansion of cryptoexchanges

Thanks to its world-class infrastructure and robust regulatory framework, the AIFC has become a hub for blockchain technology, hosting major players such as Binance, BitFinex, and Bitfury, while licensing prominent platforms such as Bybit and BigOne. In addition, the establishment of the Blockchain KZ association and specialised IT consulting firms has further solidified the AIFC's status in the blockchain sector. The influx of global cryptocurrency platforms to the AIFC has attracted a range of professional service providers, such as KYC (Know Your Customer) and KYT (Know Your Transaction).

BigONE

BigONE, established in 2017, serves as a global digital asset solution provider with a presence across Southeast Asia, Latin America and other regions. The company specialises in offering a range of services encompassing marketing, investment, as well as blockchain technology research and development.

The decision to establish a presence in the AIFC in 2023 was largely influenced by the AIFC's robust legal framework founded on the principles of the law of England and Wales. Adherence to internationally recognised legal standards, coupled with the existence of an independent

AIFC Court, provide a secure and transparent environment to conduct digital asset trading and custody services. The commitment to legal excellence and the protection of member rights served as pivotal factors in BigONE's choice to operate in the AIFC.

BigONE's acquisition of an AIFC license represents a significant milestone in its corporate journey, providing a solid legal foundation for its operations. Furthermore, the AIFC's dedication to innovation and its facilitative approach towards financial technology have empowered BigONE to leverage cutting-edge








solutions, thereby enhancing its competitiveness in the rapidly evolving digital asset landscape.

As BigONE actively prepares to launch its AIFC operations, it is looking forward to the positive impact on its business metrics, including client acquisition and financial performance. The move underscores BigONE's strategic alignment with the AIFC's vision and its commitment to capitalising on the centre's conducive digital asset service ecosystem.



Governance

Organisational Structure

AIFC Bodies	 Authority	The AIFC Authority formulates the centre's development strategy and drafts acts on matters unrelated to the regulation of financial services. To spur the AIFC's integration into the global	financial architecture, the AIFC Authority also establishes links with international financial centres, institutions and investment companies.
	 AFSA	The Astana Financial Services Authority (AFSA) is the integrated regulator of all financial and market activities and ancillary services. It is also the registration authority for	all AIFC participants. Its mission is to ensure the fair and transparent operation of AIFC financial and capital market systems.
	 Court	The AIFC Court hears commercial disputes in the AIFC. With 11 highly experienced judges and a registrar, it has exclusive jurisdiction	for commercial disputes and no jurisdiction over criminal or administrative disputes.
	 IAC	The International Arbitration Centre (IAC) provides an independent alternative to court litigation and operates at the highest international standards to resolve commercial disputes.	It has its own panel of 41 highly regarded international arbitrators and mediators.
AIFC Organisations	 AIX	The Astana International Exchange (AIX) was established to develop trusted and liquid capital markets in Central Asia and beyond by providing	innovative products and services for businesses and investors.
	 GFC	The Green Finance Centre (GFC) was established to attract investment to Kazakhstan and Central Asian region using green and sustainable financing	tools, and also to provide strategic and business consulting services to the public and private sectors.
	 Tech	The AIFC Tech Hub seeks to use the latest financial technology to future-proof the AIFC's core business pillars and develop a vibrant multi-stakeholder fintech ecosystem, bringing together financial institutions,	technology partners, fintech companies and investors to help Kazakhstan emerge as an innovative technology leader in the region.
	 Academy	A-PRO promotes human capital development in the AIFC and beyond by creating digital educational platforms for continuous development, forming and supporting professional	communities, providing accessible expertise and open dialogue with market professionals.

AIFC Management Council

The AIFC Management Council is a permanent collegial body chaired by the President of the Republic of Kazakhstan, and is the supreme governing body of the AIFC. It is responsible for identifying strategic directions for AIFC development and fostering the development of favourable conditions to promote the AIFC as a leading international financial centre. The Council is authorised to adopt AIFC Acts, determine the structure and composition of AIFC Bodies, approve annual reports on AIFC activities, etc. The composition of the Council is approved by the Decree of the President of the Republic of Kazakhstan and consists of the government officials and international experts.



Kassym-Jomart Tokayev

Chairman, President of the
Republic of Kazakhstan



Olzhas Bektenov

Deputy Chairman, Prime Minister
of the Republic of Kazakhstan

Risk Management and Internal Audit

The AIFC recognises the importance of sound risk management practices, which is why the AIFC's governing body, the AIFC Authority (AIFCA), responsible for risk management, has established a robust risk management framework and approved appropriate internal controls to govern the risk management process in accordance with internationally accepted standards, such as COSO Enterprise Risk Management and ISO 31000: 2018 Risk Management. Responsibility for overseeing the governance of effective risk management rests with the Board of Directors of each AIFC organisation. Boards are responsible for ensuring that the organisations have a risk management framework, appropriate internal controls and a compliance framework that is effective, well defined and well-integrated into the decision-making process. Each board also sets the risk appetite and risk tolerance of the business.

Risk Management Framework

The AIFC is guided by the following internal risk management documents:

- Risk Management Policy (Policy), which determines the principles of risk management, describes the elements of the risk management framework and defines the roles and responsibilities of stakeholders.
- Risk Management Procedures (Procedures), which describe the risk management process and define the key instruments used in the risk management process.

Risk Management Governance Model

The policies and procedures establish the AIFCA's risk management governance model, which outlines the chain of command, reporting lines, roles and responsibilities. The governance model is organised in a top-down strategic view with a bottom-up operational assessment by each structural unit. Members of senior management discuss the top-level risks escalated through the bottom-up process and deliberate on any other risk issues they consider important.

This combined approach ensures that all significant risks are identified and properly managed. The key stakeholders in the AIFCA's risk management governance procedures are as follows:

- The Board of Directors (Board) provides oversight of the risk management framework, approves policies and reviews regular risk management reports.
- The Audit and Risk Committee advises the Board on risk-related matters and oversees the maintenance of sound internal controls and the risk management framework.
- The Management Board implements the risk management framework, reviews and approves periodic risk management reports and monitors the execution of risk treatment plans.
- Risk owners (structural unit heads) manage the risks faced by their business units/functions, identify and assess the risks that could potentially affect the achievement of business objectives, and manage and monitor the risks by designing and implementing control procedures in day-to-day operations.

Internal Audit Process

The Internal Audit Service (IAS) reports to the Audit and Risk Committee of the AIFCA and is accountable to the Board. The activities of the IAS are governed by Kazakhstan legislation, internal AIFCA documents, and International Standards for the Professional Practice of Internal Auditing (the Standards).

The IAS focuses on providing the Audit and Risk Committee with independent and accurate information to ensure effective management through a systematic approach to improving risk management, internal controls and corporate governance processes.

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

- Assesses the reliability and effectiveness of applicable internal controls and risk management.
- Evaluates resource employment effectiveness and efficiency.

- Provides consultation and advice on governance, risk management and controls, as appropriate for the AIFC.

The following internal audit issues are considered at Audit and Risk Committee meetings:

- Internal audit reports;
- Interim internal audit reports, including significant conclusions based on audit results, as well as monitoring the implementation of internal auditor recommendations;
- Internal audit plans and amendments to the same.

Ethical Culture

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

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

The AIFC Ethics Code applies to:

- AIFC Bodies, except the AIFC Management Council, the Chief Justice, the AIFC Court judges and Registrar, and the IAC Chair, arbitrators and Registrar.
- The organisations affiliated to the AIFC Bodies, except for the AIX, which has updated its Code of Conduct to reflect the AIFC Ethics Code.

Core AIFC Values and Business Principles

Accountability:

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

Integrity:

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

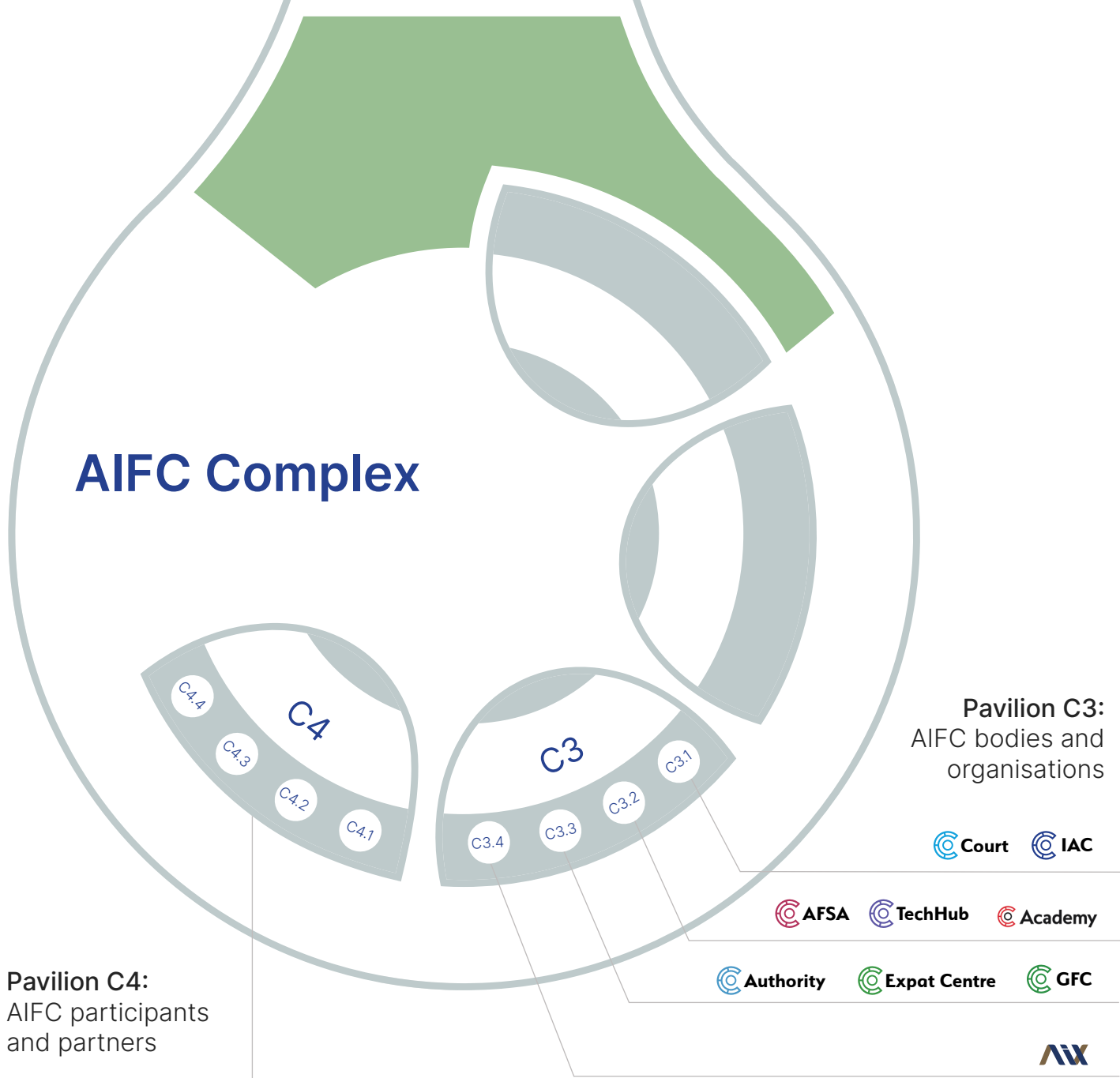
Focus on the Future:

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

Collaboration:

We have sound teamwork and effective, efficient vertical and horizontal communications with in the AIFC community.

AIFC Complex



Pavilion C3:
AIFC bodies and organisations

Court IAC

AFSA TechHub Academy

Authority Expat Centre GFC

AIX

Pavilion C4:
AIFC participants and partners

AIFC Contacts:

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AFSA

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Court

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info@aifc-court.kz

IAC

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info@aifc-iac.kz

AIX
ASTANA INTERNATIONAL EXCHANGE

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Expat Centre

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expat@aifc.kz

Glossary

ADX	Abu Dhabi Securities Exchange
AFSA	Astana Financial Services Authority
AI	Artificial Intelligence
AIFC/Centre	Astana International Financial Centre
AIFCA	Astana International Financial Centre Authority
AIX	Astana International Exchange
AIX CSD	Astana International Exchange Central Securities Depository
AML/CFT	Anti-Money Laundering and Combatting of Terrorism Financing
ARDFM	Agency of Kazakhstan for Regulation and Development of Financial Market
AUM	Assets under management
BHB	Bahrain Bourse
BRI	Belt and Road Initiative
CBI	Climate Bond Initiative
CDP	Carbon Disclosure Project
CENTRAL ASIA	Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan
CIBAFI	Council of Islamic Banks and Financial Institutions
CIS	Commonwealth of Independent States
CIT	Corporate Income Tax
EAEU	Eurasian Economic Union
EAG	Eurasian Group on Combating Money Laundering and Financing of Terrorism
ESG	Environmental, Social, and Corporate Governance
ESMA	European Securities and Markets Authority
ETN, ETF	Exchange-Traded Note, Exchange-Traded Fund
ETS	Emissions Trading System
EU	European Union
FATF	Financial Action Task Force
FC4S	Financial Centres for Sustainability
FDI	Foreign Direct Investment
FTSE	Financial Times Stock Exchange
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GDR	Global Depositary Receipt
GFC	Green Finance Centre

GFCI	Global Financial Centres Index
GGFI	Global Green Finance Index
GIP	Green Investment Principles
GRI	Global Reporting Initiative
GSS	Green, social, and sustainability bond
GSS+	Green, social, sustainable, and sustainability-linked bonds etc.
IAC	International Arbitration Centre
IAIS	International Association of Insurance Supervisors
IFSB	Islamic Financial Services Board
IMF	International Monetary Fund
IOSCO	International Organization of Securities Commissions
IPO	Initial Public Offering
ISSB	International Sustainability Standards Board
KASE	Kazakhstan Stock Exchange
KYC	Know your customer
KYT	Know your transaction
KZT	Kazakhstani tenge
MENA	Middle East and North Africa region
MSX	Muscat Securities Market
MTF	Multilateral trading facility
OECD	Organisation for Economic Co-operation and Development
OTS	Organisation of Turkic States
PPP	Private-public partnership
REIT	Real estate investment trust
REMS	Regional Equity Market Segment
RMB	Renminbi
RNAM	Recognised Non-AIFC Member
SASB	Sustainability Accounting Standards Board
SDG	Sustainable Development Goal
SLB	Sustainability-linked bond
SME	Small and Medium-Sized Enterprises
SPO	Secondary Public Offering
TCFD	Task Force on Climate-Related Financial Disclosure
UN	United Nations
VAT	Value-added tax

 **AIFC**
MANAGEMENT COUNCIL


**ASTANA INTERNATIONAL
EXCHANGE**

NUMBER OF TRADES: 19		Astana International Exchange		MARKET STATE: OPEN		VOLUME: 41144		NUMBER OF TRADES: 19		Astana In	
IXT	IXD	IXY	KSPI	BCCGF	FIPO	CHFH-1223	HCKZ1.012				
6.13	9.57	8.74	80.29	101.76	35.15	100.00	93.13				
▲ 0.00 (0.00%)	▲ 0.00 (0.00%)	▲ 0.00 (0.00%)	▲ 1.04 (1.31%)	▲ 0.00 (0.00%)	▲ 0.00 (0.00%)	▲ 0.00 (0.00%)	▲ 0.00 (0.00%)				
▲ 0.00 (0.00%)	▲ 0.00 (0.00%)	▲ 0.00 (0.00%)	▲ 1.04 (1.31%)	▲ 0.00 (0.00%)	▲ 0.00 (0.00%)	▲ 0.00 (0.00%)	▲ 0.00 (0.00%)				
11:30 Opening Auction / Continuous Trading			16:45 Pre-close		17:00 Closing Auction / Trading-At-Last		17:05 Market Close				

