

# Fund management in Kazakhstan

Astana

2025



## Fund Management in Kazakhstan

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Astana / 2025

# Foreword

From the Governor of the Astana International Financial Centre



Dear Readers,

I am pleased to present the report “Fund Management in Kazakhstan”, prepared by the Astana International Financial Centre.

This report offers a comprehensive analysis of the activities of regulated investment funds in Kazakhstan, alongside the evolving dynamics of the local market. It provides an in-depth overview of the legal and regulatory landscape, detailing both the national legislative framework and the AIFC’s regulatory environment, while highlighting the key differences between the two.

As interest in investment instruments continues to rise and collective investment schemes gain popularity, the subject of fund management has become increasingly relevant in today’s financial landscape.

In an era marked by heightened market volatility and the pursuit of sustainable economic growth, asset management is no longer merely a financial tool—it has become a strategic lever for ensuring long-term stability and prosperity. We believe that the continued development of this sector is essential for building investor confidence, strengthening the financial system, and attracting both domestic and international capital.

The AIFC remains committed to fostering the growth of the investment fund market in Kazakhstan and the wider region. We are dedicated to creating a progressive legal and financial infrastructure that supports fund managers, investors, and financial institutions. Through the implementation of advanced instruments and innovative solutions, we aim to enhance investment opportunities and drive effective asset management.

We hope this report serves as a valuable resource for market participants, local and global investors, and all other stakeholders with an interest in Kazakhstan’s fund management sector.

Sincerely,  
**Renat Bekturov**  
AIFC Governor

Authors



**Asset Onglassov, CFA**

Chief of Products  
AIFC Authority



**Ayan Tuleshev**

Director  
Data and Industry  
Analysis Department  
AIFC Authority



**Daniyar Kelbetov, CFA, FRM**

Independent  
consultant



**Manshuk Mukhamedzhanova**

Senior Manager, Data  
and Industry Analysis  
Department  
AIFC Authority

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In the event of any discrepancies in the Kazakh and Russian translations with the text in English language, the latter takes precedence.

We reserve the right to modify or update this Report at any time without prior notice.



# Abbreviations and Acronyms

<b>AFSA</b>	Astana Financial Services Authority
<b>AIFC</b>	Astana International Financial Centre
<b>AIX</b>	Astana International Exchange
<b>ARDFM</b>	Agency for Regulation and Development of Financial Market
<b>AUM</b>	Assets Under Management
<b>BNS</b>	Bureau of National Statistics of Kazakhstan
<b>CIS</b>	Collective Investment Scheme
<b>ESMA</b>	European Securities and Markets Authority
<b>JSC</b>	Joint Stock Company
<b>KASE</b>	Kazakhstan Stock Exchange
<b>LSE</b>	London Stock Exchange
<b>MCI</b>	Monthly Calculation Index
<b>MoU</b>	Memorandum of Understanding
<b>NAV</b>	Net Asset Value
<b>NBK</b>	National Bank of Kazakhstan
<b>NFRK</b>	National Fund of Kazakhstan
<b>SFO</b>	Single Family Office
<b>VC</b>	Venture Capital
<b>QIC</b>	Qazaqstan Investment Corporation
<b>UAPF</b>	Unified Accumulative Pension Fund
<b>UIF</b>	Unit Investment Fund

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# Executive Summary

**In recent years, Kazakhstan's investment fund market has experienced substantial qualitative and quantitative transformations. The market structure is becoming more complex and diverse, driven by the emergence of new types of funds and market participants.**

**This Report offers a comprehensive analysis of the investment fund landscape, encompassing funds operating under both national and AIFC regulatory frameworks.**

**This section presents the key findings of the Report, highlighting the current state of the market, prevailing trends, and the challenges facing investment fund management in the country.**



As of 1 January 2025, the total AUM of regulated funds in Kazakhstan amounted to \$1.6 billion or 0.5% of GDP.



The total number of regulated funds in Kazakhstan has tripled since 2020, reaching 175 by January 2025. Such an outcome is a result of the registration of new funds within the AIFC jurisdiction. The AIFC jurisdiction has also facilitated the diversification of fund types in the Kazakhstan market, registering a broad range of funds, including PE

funds, hedge funds, venture capital funds, REITs, and other specialist funds such as commodity, credit, crypto, fixed income funds, ETFs, and umbrella funds.



PE and hedge funds, offered exclusively to professional clients, dominate Kazakhstan's market, accounting for about 60% of total AUM and over 60% of total number of regulated funds. As of 1 January 2025, cumulative AUM of such funds stood at around \$980 million.



In contrast, the AUM of mutual funds available for retail investors accounts for \$190.2 million, representing approximately 12% of the total AUM of regulated funds in Kazakhstan. Despite the growth of the total number of unitholders over the last years, the figure remains relatively low. Retail investors continue to favor more "classic" instruments such as deposits and real estate.



The relatively low level of retail investor participation in collective investment schemes highlights the untapped potential of this market segment. Key constraints limiting retail investor engagement may include income levels, debt burdens, and, consequently, limited availability of assets for investment. Additionally, a shortage of "user-friendly" funds for retail investors, which are easy to navigate and invest to, also might be a contributing factor.



The Report also offers a detailed overview of the legal frameworks governing investment funds under both national and AIFC regulations. Key differences between the two frameworks include legal forms of funds, fund types and mandates, the range of permitted financial instruments, and capital requirements for fund managers.



The AIFC plays a pivotal role in the development of Kazakhstan's investment fund industry by offering a progressive regulatory framework and introducing innovative financial instruments. In addition to contributing to the growth of assets under management and the number of funds in the country, the AIFC jurisdiction offers new authorised firms an opportunity to enter the market. Independent fund managers established in the AIFC offer a diverse range of fund types and contribute to developing the

fund industry in the country. It is expected that the AIFC participants will further scale up their activities in terms of client base, instruments and geography.

# Macroeconomic Overview of Kazakhstan

## Chapter 2

### Key Takeaways

→	→	→
Kazakhstan continues to demonstrate stable economic growth, with preliminary GDP estimated at \$292.6 billion in 2024.	In 2024, gross FDI inflows totaled \$17.2 billion, primarily directed toward the trade, oil and gas, and metallurgy sectors.	The assets of major state funds— the NFRK and UAPF —amounted to \$58.8 billion and over \$42.7 billion, respectively.
→	→	
Pension assets managed by private fund managers account for less than 1% of total pension assets.	Bank deposits and real estate remain the preferred investment instruments among retail investors.	

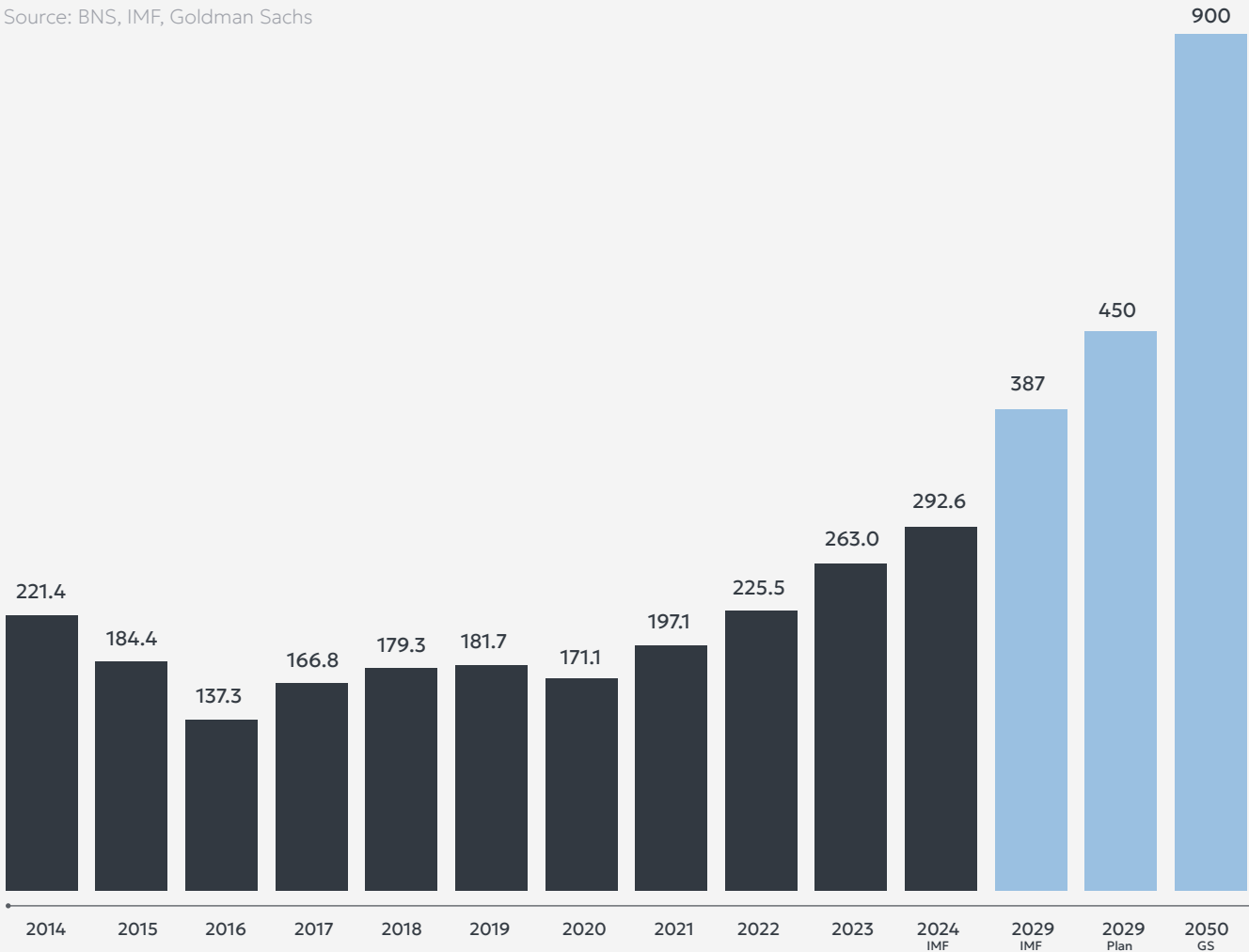
# 2.1

## Kazakhstan's GDP and FDI

The economy of Kazakhstan is the largest in Central Asia and has been demonstrating stable growth. The country has also been providing favourable environment for attracting investment across various sectors.

According to preliminary estimates by the IMF, the country's GDP for 2024 amounted to **\$292.6 billion**. Kazakhstan's economy is projected to reach \$387 billion by 2029 and \$900 billion by 2050, according to forecasts. Recently, Kazakhstan announced a target nominal GDP of **\$450 billion in 2029**.<sup>1</sup>

Figure 1.  
Kazakhstan's GDP, \$ billion, 2014-2050  
Source: BNS, IMF, Goldman Sachs

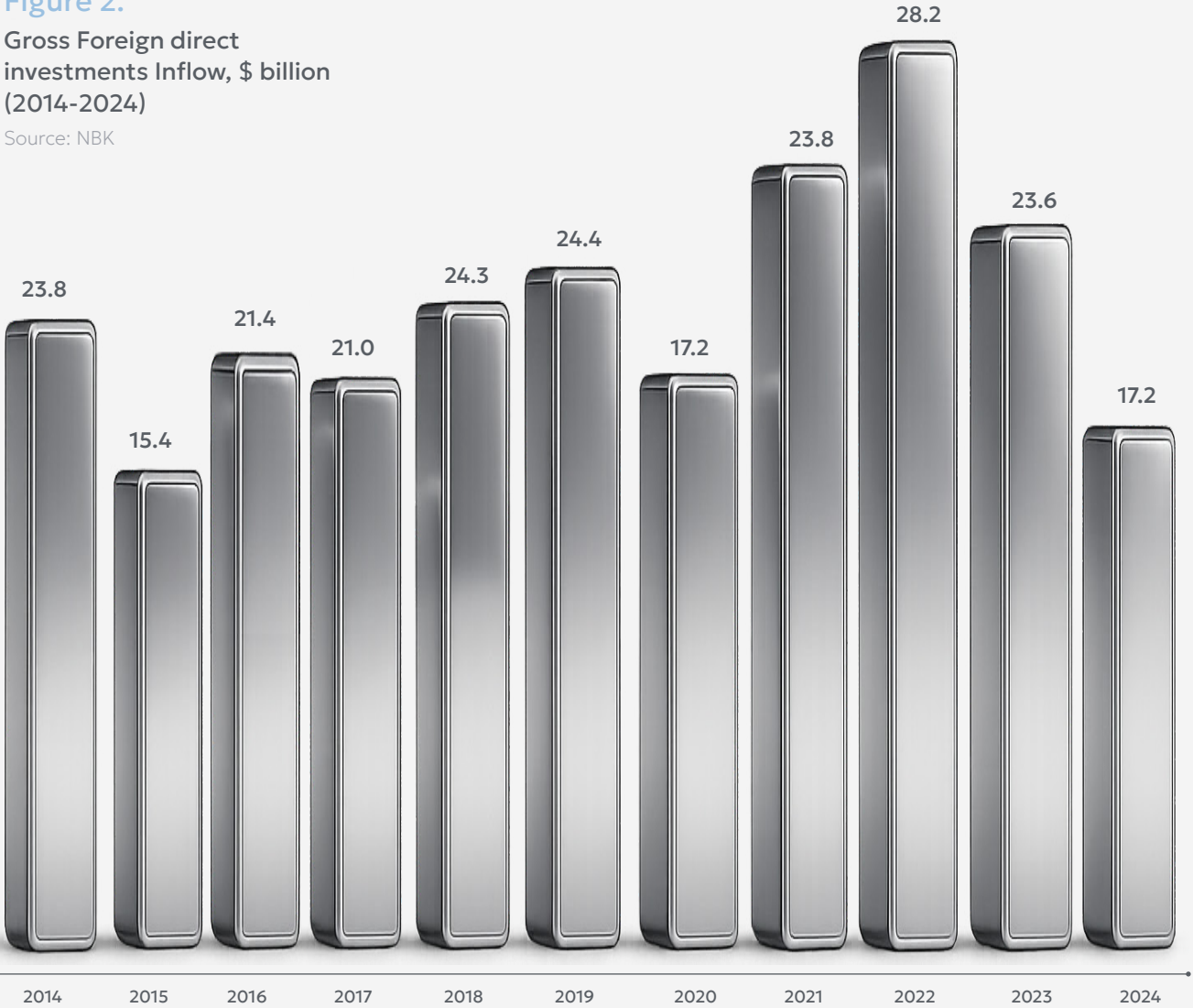


<sup>1</sup> Akorda, President Kassym-Jomart Tokayev's State of the Nation Address "Economic course of a Just Kazakhstan"

In 2024, gross FDI inflows totaled **\$17.2 billion** — a 27% decrease compared to the previous year — falling back to levels last seen five years ago.

This indicates a significant shift from the positive trend observed during the post-pandemic recovery period, which peaked in 2022.

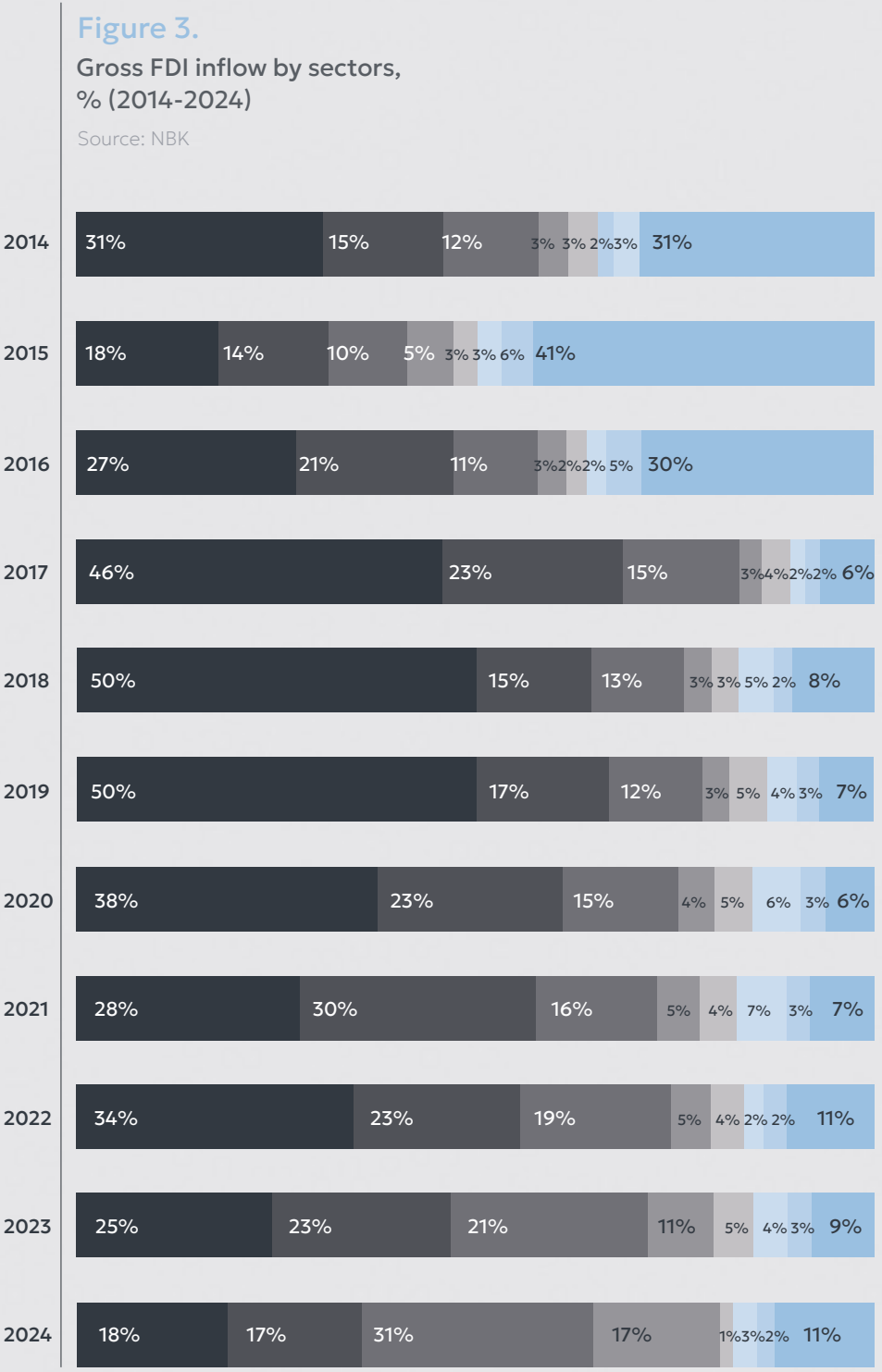
Figure 2.  
Gross Foreign direct investments Inflow, \$ billion (2014-2024)  
Source: NBK





Notably, by the end of 2024, the leading sector in the structure of gross FDI inflows by economic sectors changed. The trade sector attracted a third of the total gross FDI in 2024, replacing the oil and gas sector, which had been the leader in previous years. Following them are the metallurgy and manufacturing sectors.

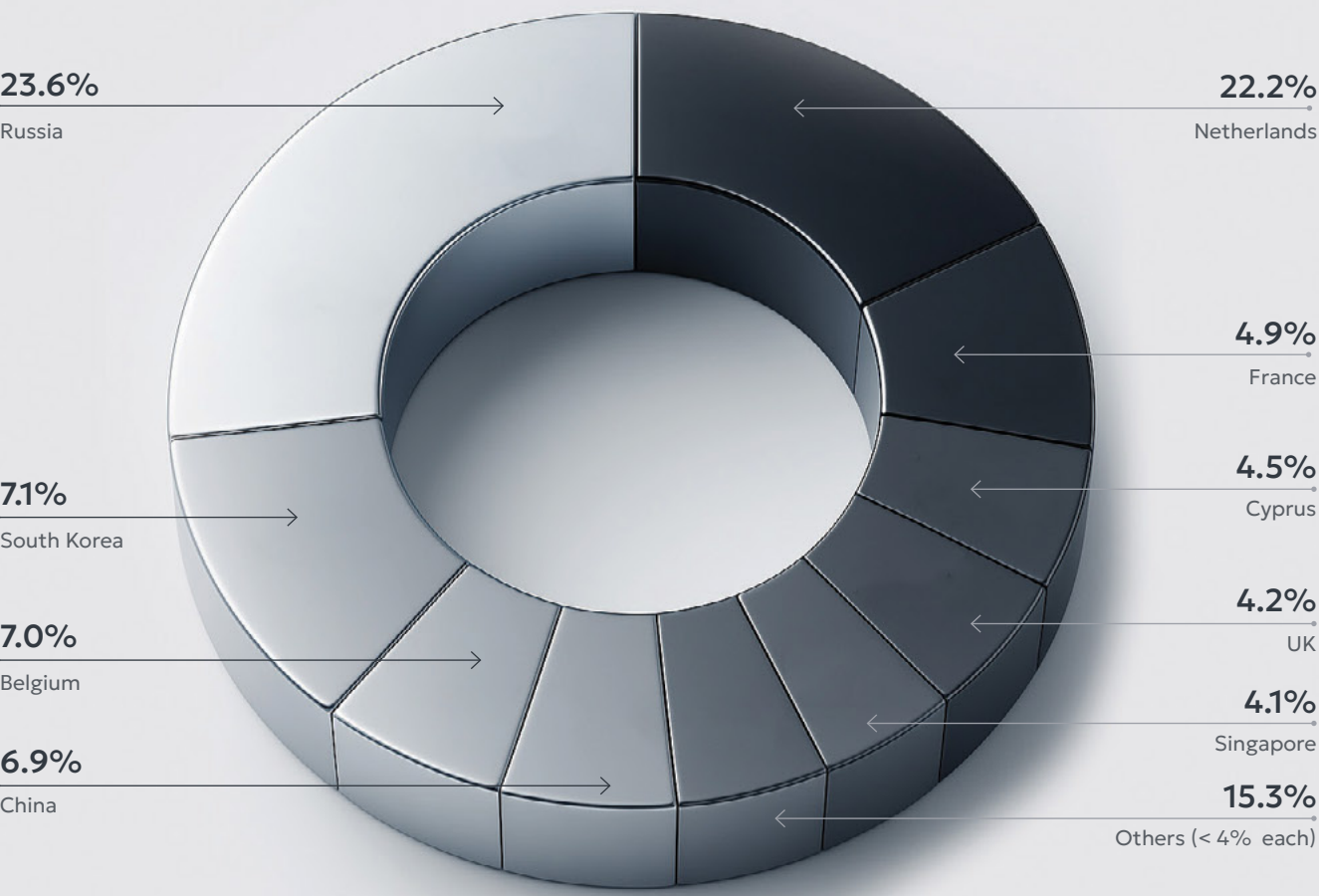
- oil and gas
- metal industry
- trade
- manufacturing
- transport & warehousing
- finance & insurance
- construction
- others



Total in 2024:  
\$17.2 billion

The composition of FDI inflows by country also saw significant changes in 2024, with Russia emerging as the largest investor in the country, followed by the Netherlands in the second place. Other major investors include South Korea, Belgium, and China.

**Figure 4.**  
Gross FDI inflow by partners, % (2024)  
Source: NBK



## 2.2 State Funds in Kazakhstan: NFRK and UAPF

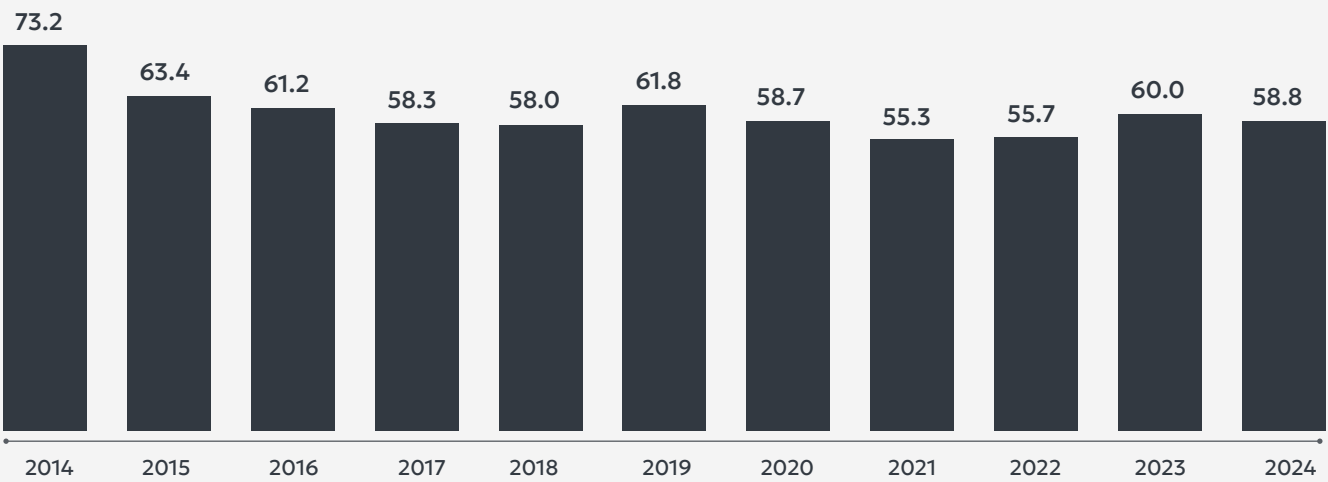
### Kazakhstan has two major state funds: the NFRK and the UAPF.

Kazakhstan's **NFRK**, established in 2000, serves as a sovereign wealth fund designed to stabilise the national economy and accumulate savings for future generations. The fund primarily derives its revenue from the country's oil and gas sector, channelling profits from these natural resources into long-term investments.

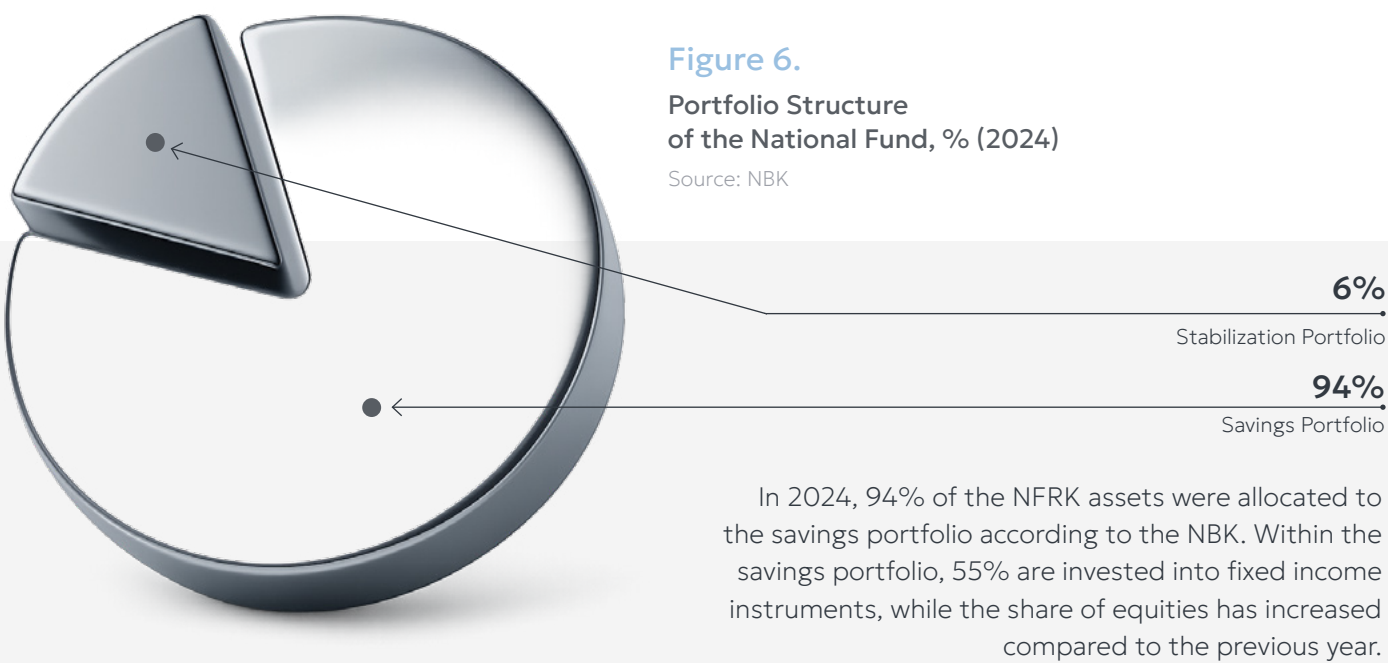
The **NFRK's** investment strategy focuses on a diversified portfolio that includes foreign assets such as equities, bonds, and alternative investments. In some cases, the NFRK is also allowed to invest in domestic financial instruments.

**Figure 5.**  
Assets of the National Fund, end of period, \$ billion (2014-2024)

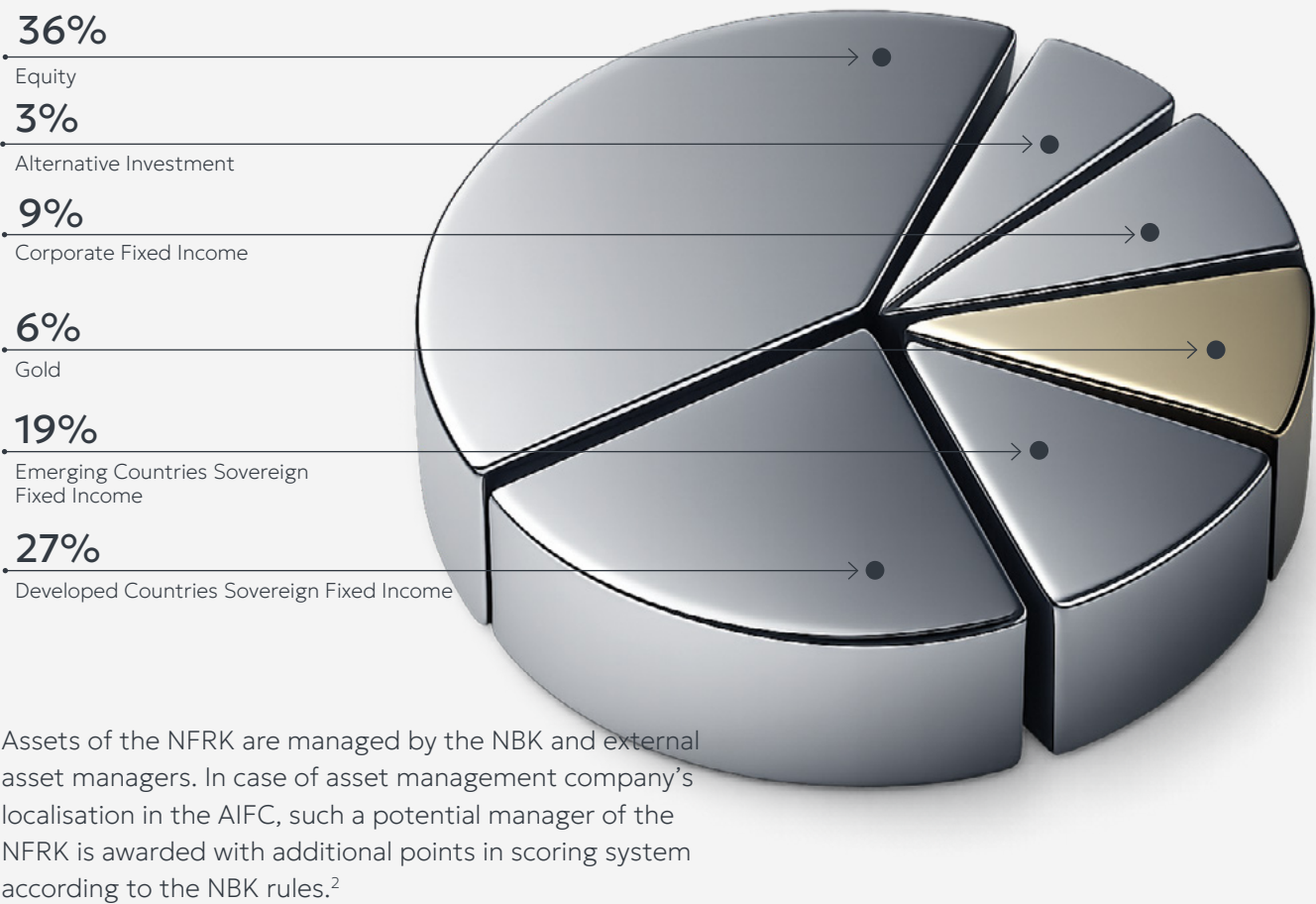
Source: NBK



By investing in a broad range of international assets, the NFRK aims to mitigate the risks associated with commodity price fluctuations and ensure steady economic growth and fiscal resilience for Kazakhstan. As of the end of 2024, the NFRK's assets stood at **\$58.8 billion**.



**Figure 7.**  
Savings Portfolio of the National Fund, % (2024)  
Source: NBK



<sup>2</sup> Rules for the selection of external asset managers of the National Fund of the Republic of Kazakhstan

The **UAPF** of Kazakhstan plays a crucial role in the country’s social security system by managing mandatory pension contributions from the workforce. The UAPF invests these contributions to generate returns that will support pension payments for future retirees.

The investment strategy of the UAPF is characterised by a diversified approach, including domestic and international assets.

As of the end of 2024, **71.7%** of the UAPF assets were allocated to government and corporate debt.

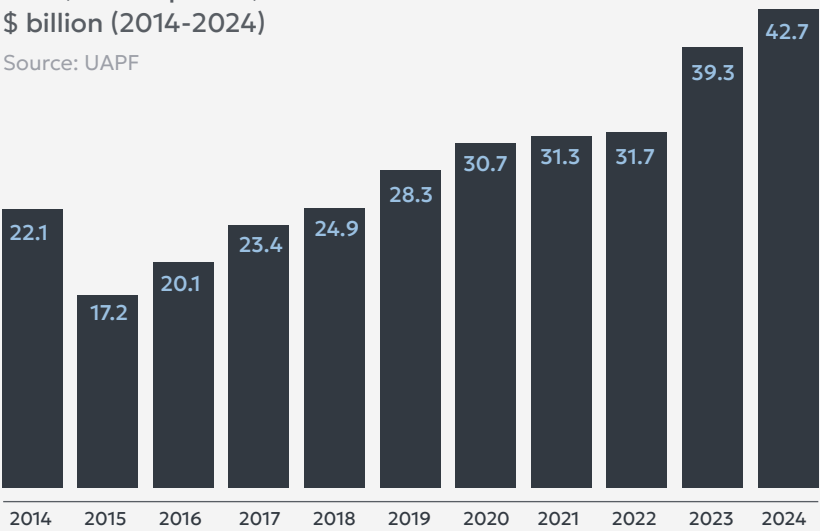
Their total share decreased from almost 88% in 2016. However, the role of government debt increased from 47.9% in 2016 to 55.6% by the end of 2024, and the share of corporate debt decreased from 40% to 16.1% over the same period.

- Government Debt
- Corporate Debt
- Cash
- Equity
- Other Assets

The UAPF allocates investments across various asset classes, such as government and corporate bonds, equities, cash, and other assets. As of the end of 2024, the UAPF’s assets stood at **\$42.7 billion**.

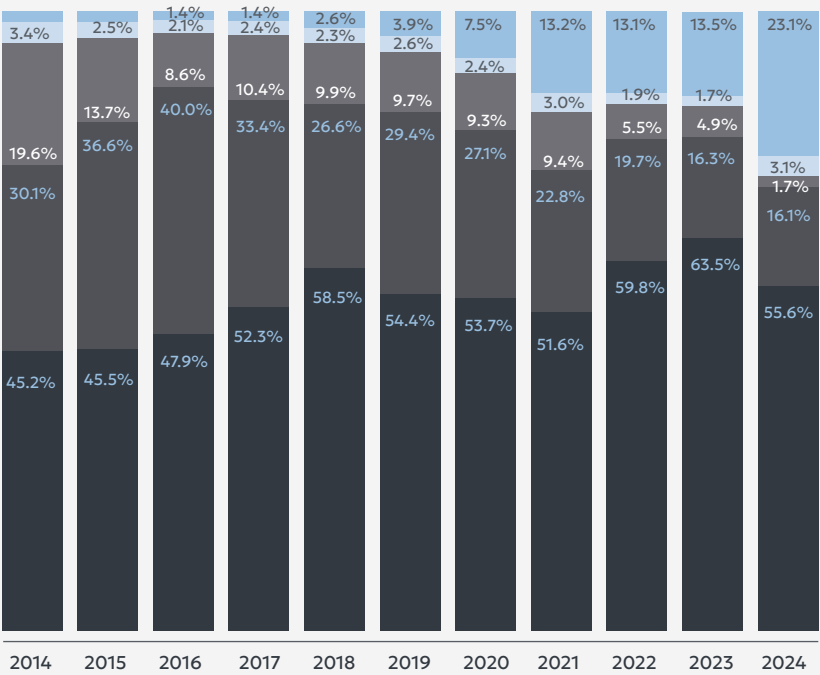
**Figure 8.**  
Assets of the Pension Fund, end of period, \$ billion (2014-2024)

Source: UAPF



**Figure 9.**  
Structure of assets of the pension system savings, % (2014-2024)

Source: NBK

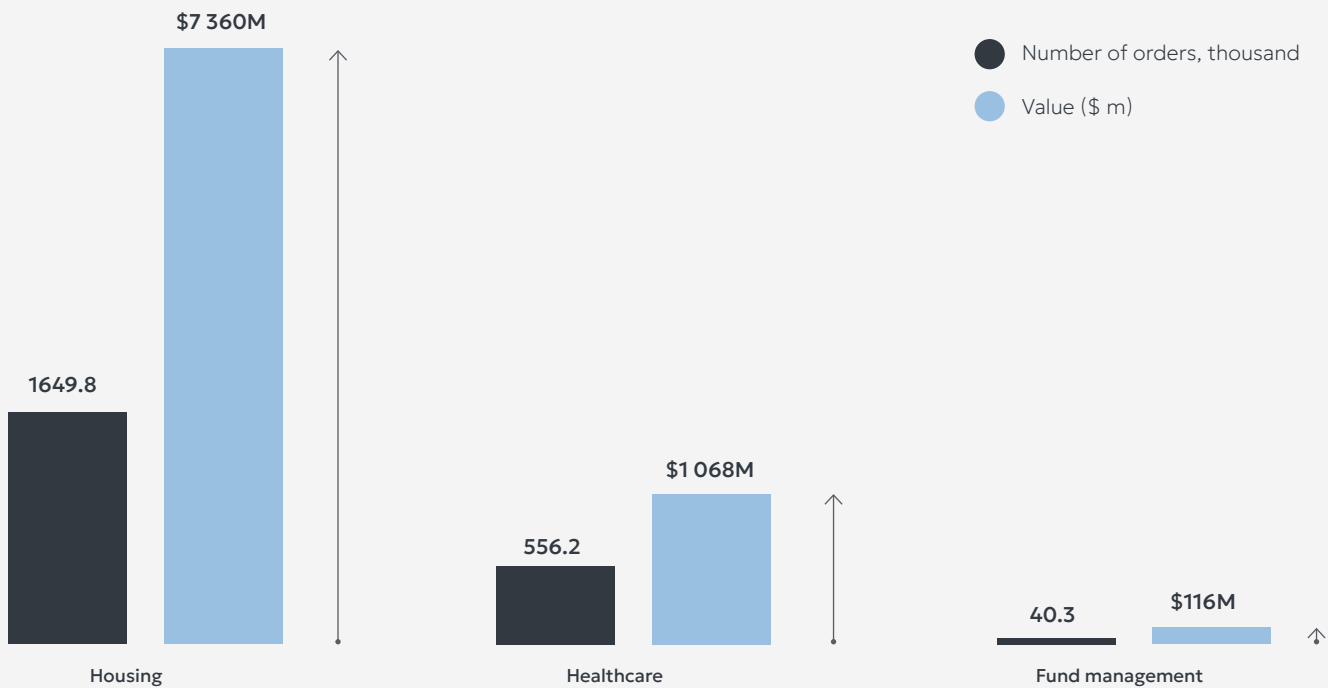


In January 2021, citizens of Kazakhstan were granted the right to make withdrawals from their pension savings above the sufficiency threshold, to be used for housing, medical treatment, or to transfer to private fund management companies.

Since 1 July 2023, depositors have been allowed to transfer up to 50% of their pension savings to private fund managers. Previously, transfers were only permitted for amounts exceeding the minimum sufficiency threshold.

**Figure 10.**  
Cumulative number and value of orders approved since January 2021 to the end of September 2024

Source: UAPF



Most withdrawals, both in terms of number and value, occurred in 2021. This was primarily due to a significant increase in the sufficiency threshold for pension savings implemented in 2022. The withdrawal of pension assets in 2021 had a notable impact, contributing to a sharp rise in residential real estate prices across both the primary and secondary markets (Figure 12).

At the same time, the amount of pension assets transferred to private fund management

companies remained disproportionately low, accounting for only 2% of the total number of transfers and 1% of the total value.<sup>3</sup>

Only 5 of 21 fund managers under national regulation are eligible to accept and manage pension assets.

Amount of pension assets under private fund managers’ supervision is **\$120 million**, accounting for only **0.3% of total pension assets** as of the end of September 2024.<sup>4</sup>

## 2.3 Retail Investors in Kazakhstan

Bank deposits and real estate remain the main investment instruments for retail investors in Kazakhstan.

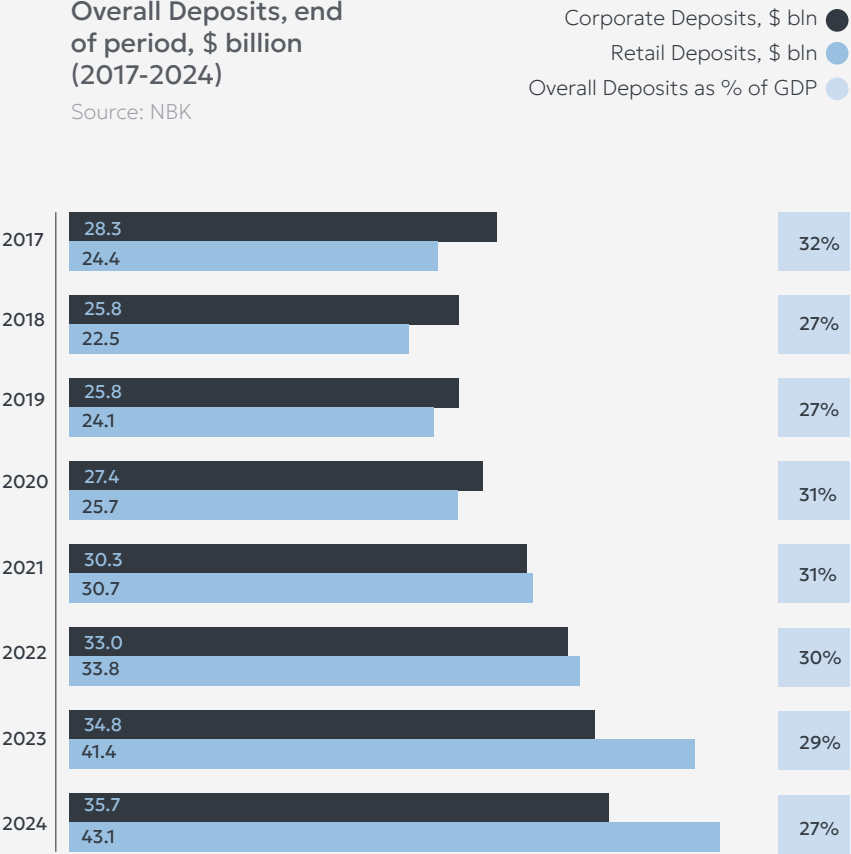
In December 2024, when the base rate was at 15.25% and the annual CPI stood at 8.7%, the real interest rate for tenge deposits (both retail and corporate) exceeded 6%.

In 2024, deposits amounted to \$78.8 billion or 27% of GDP, consisting of \$43.1 billion in retail deposits and \$35.7 billion in corporate deposits.

Figure 11.

Overall Deposits, end of period, \$ billion (2017-2024)

Source: NBK



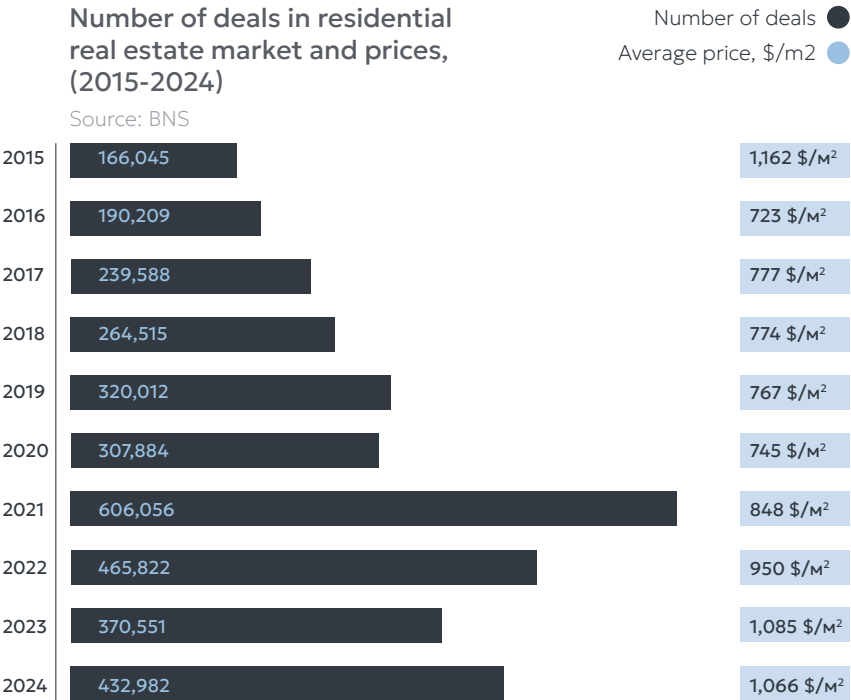
Real estate market, another way for savings allocation among people, demonstrated a peak in the number of deals in 2021.

As previously mentioned, the residential real estate market was boosted by withdrawals from the UAPF. In 2024 average prices per m2 reached \$1,066.

Figure 12.

Number of deals in residential real estate market and prices, (2015-2024)

Source: BNS



## 2.4 Securities Market and IPOs

Kazakhstan's securities market has grown significantly over the last years, with several major national IPOs taking place in the country – companies like Kazatomprom, KazMunayGaz, and Air Astana went public.

Retail investors are becoming increasingly engaged with Kazakhstan's securities market due to the need to diversify their investments, improved access, and growing financial literacy.

In the IPOs of KazTransOil and KEGOC, which were open for local investors only, retail investors had the biggest share. In the last two IPOs of KazMunayGas and Air Astana, shares of local retail and institutional investors were distributed almost equally.

Retail investors now have more opportunities to invest in a wider range of securities, including stocks, bonds, and exchange-traded funds (ETFs). Technological advancements and the rise of online trading platforms have also played a crucial role in democratising investment, allowing retail investors to easily buy and sell securities.

Institutional investors are also showing a heightened interest in Kazakhstan's securities market, attracted by the country's economic stability and growth potential. Major institutional players, such as pension funds, sovereign wealth funds, and international asset managers, are recognizing the benefits of diversifying their portfolios with Kazakh assets. For example, more than 70 institutional investors were involved in the Air Astana IPO in February 2024.

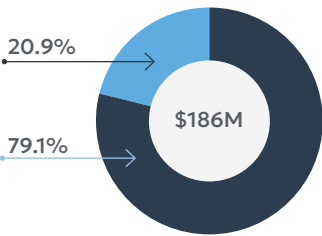
The country's commitment to adopting international best practices in governance and sustainability aligns well with the investment criteria of these institutions. As a result, institutional investment in Kazakh securities is on the rise, contributing to increased market depth and liquidity.

Figure 13.

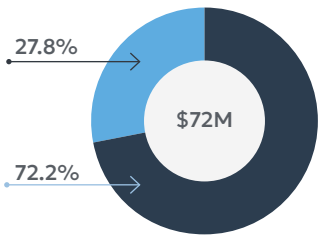
Share of retail and institutional investors in IPOs, %

Source: kursiv.media, kase.kz

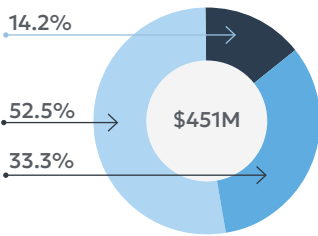
KazTransOil (KASE, 2012)



KEGOC (KASE, 2014)

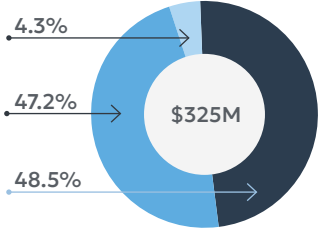


Kazatomprom (AIX, LSE, 2018)

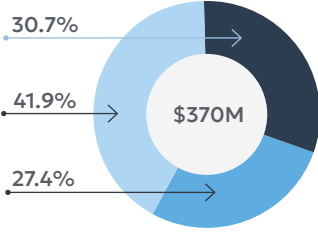


● Retail (KZ)  
● Institutional (KZ)  
● Foreign Investors

КазМунайГаз (AIX, KASE, 2022)



Air Astana (AIX, KASE, LSE, 2024)





# AIX QAZAQ INDEX

Launched in 2021, the AIX Qazaq Index is a market capitalisation-weighted index that is comprised of equity and GDR securities of Kazakhstan and Kazakhstan-linked companies traded on AIX, KASE, LSE and NASDAQ stock exchanges.

AIX Qazaq Index is a price index, and it is not adjusted for dividends paid and is not protected against dilution caused by dividend pay-outs.

Figure 14. Constituents of the AIX Qazaq Index

Source: AIX

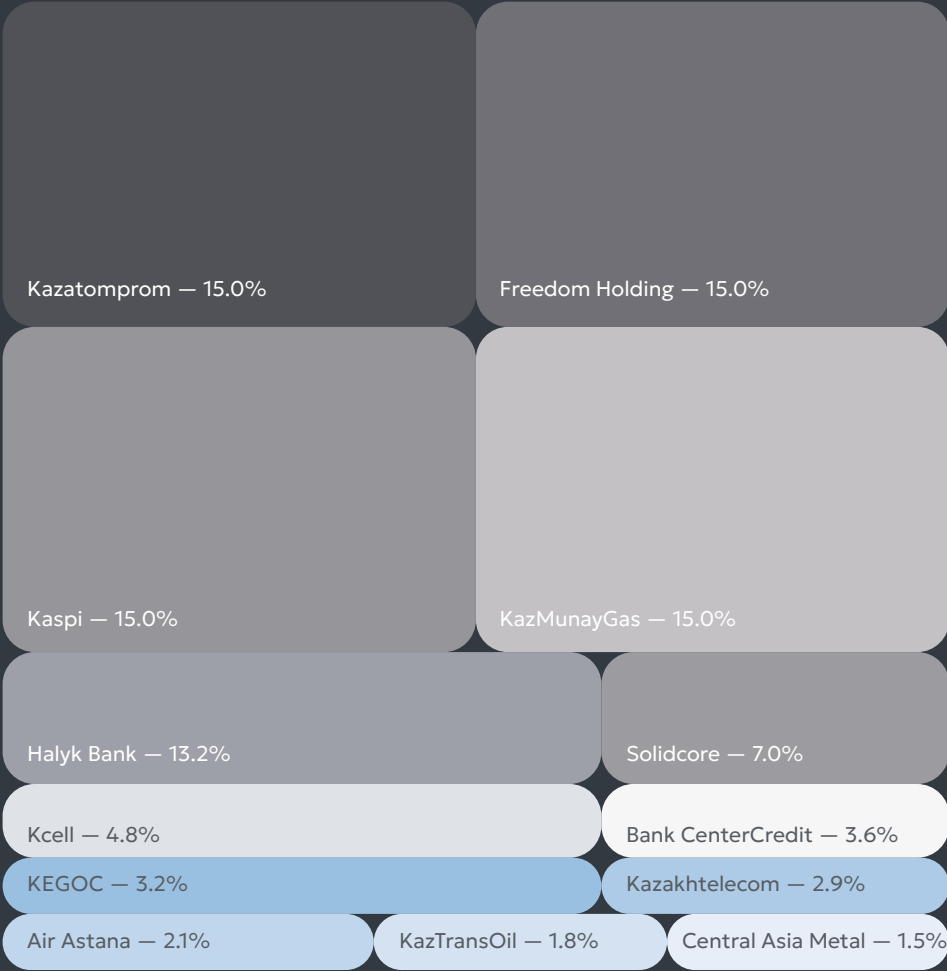
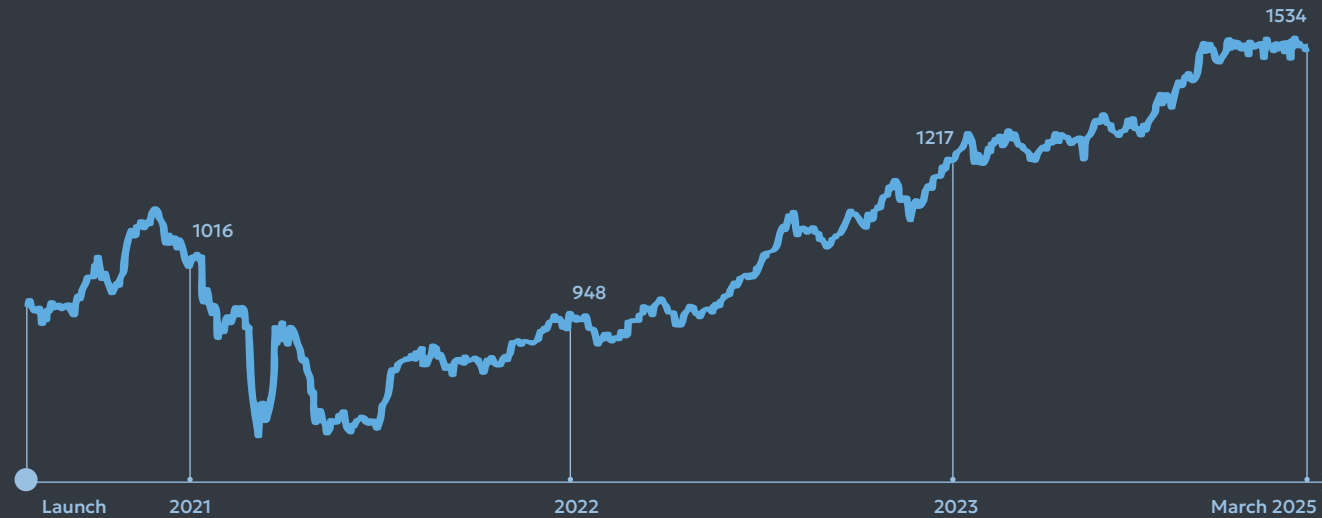


Figure 15. AIX Qazaq Index performance

Source: AIX

Kazakhstan companies include those either registered in Kazakhstan or whose business income is generated partially or fully in Kazakhstan or substantial amount of operational activity is in Kazakhstan.

AIX Qazaq Index has been positively impacted by the recent developments in the stock market and demonstrated a growth over the last year and stood at 1533.51 as of 31 March 2025.<sup>5</sup>



<sup>5</sup> Index Data | AIX



Your Top-Tier Partner in the AIFC

## Company Overview

OD Consulting Ltd. is a leading business and regulatory advisory firm operating within AIFC. Since 2020, we have supported clients across legal, regulatory, and operational matters – guiding firms through licensing, structuring, and post-approval readiness under the AIFC and AFSA frameworks. Our clients are asset managers, brokers, dealers, payment platforms, investment advisors, Islamic finance institutions, construction companies, and mining pools – all entering the AIFC with confidence.

## Key Achievements

- |  |   |  |
|--|---|--|
| Supported the issuance of <b>15+</b> regulated licenses, mostly for asset management companies | Registered <b>150+</b> companies in the AIFC, including funds, SPVs, and redomiciled entities | Helped clients optimize tax liabilities by <b>16B+</b> KZT using efficient AIFC structures |
| Facilitated over <b>55B+</b> KZT in AIFC investments through Zubr Capital                      | Awarded <b>“Aspiration of the Year”</b> among AIFC companies in 2024                          | Listed bond programs for <b>260B+</b> KZT and placed in 2024 <b>88B+</b> KZT on AIX        |

## Our Services

- AIFC and AFSA regulatory advisory
- Investment fund and SPV structuring
- Legal support for equity and venture capital investments
- Licensing support for financial companies
- Tax structuring through AIFC mechanisms
- Bond issuance and capital markets advisory (AIX)

## Licensing Tips for a Smooth Process

With deep licensing experience, we’ve identified four success factors that help companies avoid delays and get fully operational fast:

- 1. Appoint a strategic project lead:** Every successful project needs a captain. Designate a founder, executive, or shareholder who will lead the process, act as the company’s face before the regulator, and be readily available to make decisions. This alignment between your vision, your consultants, and the AFSA is critical.
- 2. Line up approved individual candidates early:** Identifying qualified candidates for Compliance Officer and MLRO roles can take time. Make sure to conduct background checks early and establish a long-term commitment with them. Begin your search at the start of the project to avoid last-minute delays.
- 3. Engage a Compliance officer from day one:** Compliance officer should have a solid understanding of your company’s structure, governance, and internal policies. Their early involvement ensures that your systems and controls are aligned with regulatory expectations – helping you avoid revisions and saving valuable time when transitioning into post-license operations.
- 4. Set up accounting and compliance early:** OD Consulting provides accounting and regulatory compliance services tailored for licensed AIFC entities. This enables clients to meet their financial and regulatory obligations from Day One – and begin operations immediately after license approval.

**OD Consulting** is your trusted partner – from license application to a ready-to-operate company.

Contact us at [sales@odc.kz](mailto:sales@odc.kz) or visit [www.odc.kz](http://www.odc.kz)

# Kazakhstan Funds in Numbers

## Chapter 3

### Key Takeaways



The total AUM of regulated funds in Kazakhstan amounted to \$1.6 billion by the end of 2024.



More than 60% of the total AUM of regulated funds are managed by PE and hedge funds.



Over the past five years, the number of regulated funds in Kazakhstan has tripled, reaching 175. The AIFC jurisdiction has been playing an active role in fostering this market growth and diversification.



Over 60% of the number of regulated funds in Kazakhstan are PE and hedge funds, followed by mutual funds at 15%, and REITs at 9%.



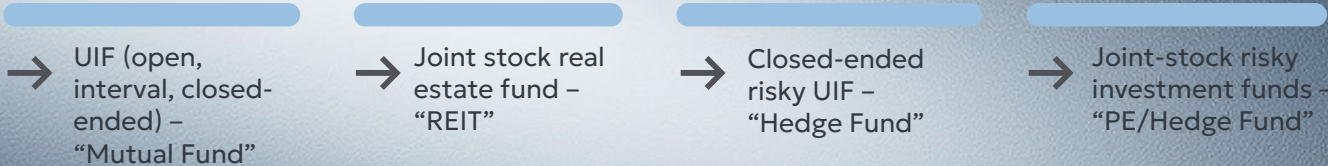
### 3.1 Kazakhstan Market in Numbers

Due to the differences in national and AIFC regulations regarding fund types, this report adopts an alternative classification for funds within the national regulation.

According to current national regulations, only professional investors are permitted to invest in risky investment funds, which include closed-ended risky UIFs and joint-stock risky investment funds. Considering their investment strategy and mandate, closed-ended risky UIFs are classified as “Hedge Funds”<sup>6</sup> and joint-stock risky investment funds – as “either PE or Hedge Funds”.<sup>7</sup>

The report focuses exclusively on regulated funds under the supervision of ARDFM or AFSA. Consequently, the data on AUM, the number of fund managers, and the number of funds does not include state-owned funds, asset managers, or private companies implementing PE or venture capital strategies without establishing a formal fund. Therefore, the data presented reflects only fund management as a regulated activity and does not provide a comprehensive overview of the broader Kazakhstan market.

For the purposes of this report, fund types under national regulation will be referred to as follows:



This classification is not established by national legislation and is used solely for the purposes of this report.

Please note that joint-stock investment funds and Islamic investment funds are not considered in this report, as no such funds were registered in Kazakhstan as of 1 January 2025.

<sup>6</sup> - An analysis of publicly available information on the official websites of fund managers reveals that closed-ended risky investment UIFs typically have broad investment mandates. These mandates often include high-yield shares of companies traded on both local and foreign stock exchanges. As a result, such funds are classified as hedge funds, as they are designed to pursue high returns through diverse and often risky investment strategies.

<sup>7</sup> It is assumed that a risky investment fund established as JSC may employ either PE or hedge fund strategies.

As of 1 January 2025, the total AUM of regulated funds in Kazakhstan amounted to **\$1.6 billion**, which is around 0.5% of the country’s GDP.

#### Key numbers as of 1 January 2025

##### Total AUM

**\$1.6B**

Fund managers  
**78**

Regulated funds  
**175**

##### National regulation

AUM

**\$0.8B**

Fund managers

**21**

Regulated Funds

**74**

##### AIFC regulation

AUM

**\$0.8B**

Fund managers

**57**

Regulated Funds

**101**

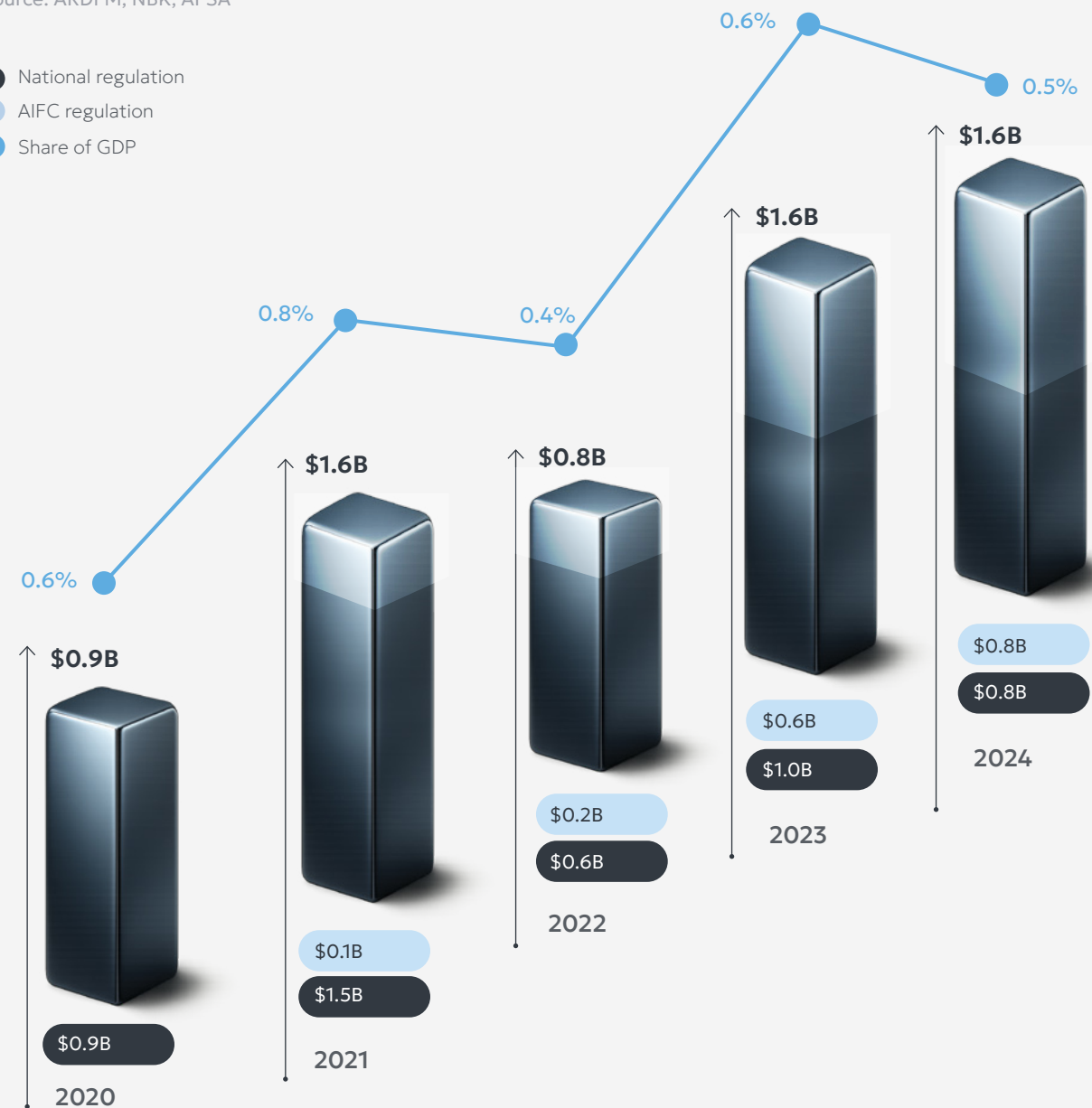


The AUM of funds under national regulation has experienced fluctuations but is now recovering following a decline in 2022. The AUM of funds under the AIFC regulation has demonstrated steady growth over the last years.

**Figure 16.**  
AUM of regulated funds in Kazakhstan

Source: ARDFM, NBK, AFSA

- National regulation
- AIFC regulation
- Share of GDP

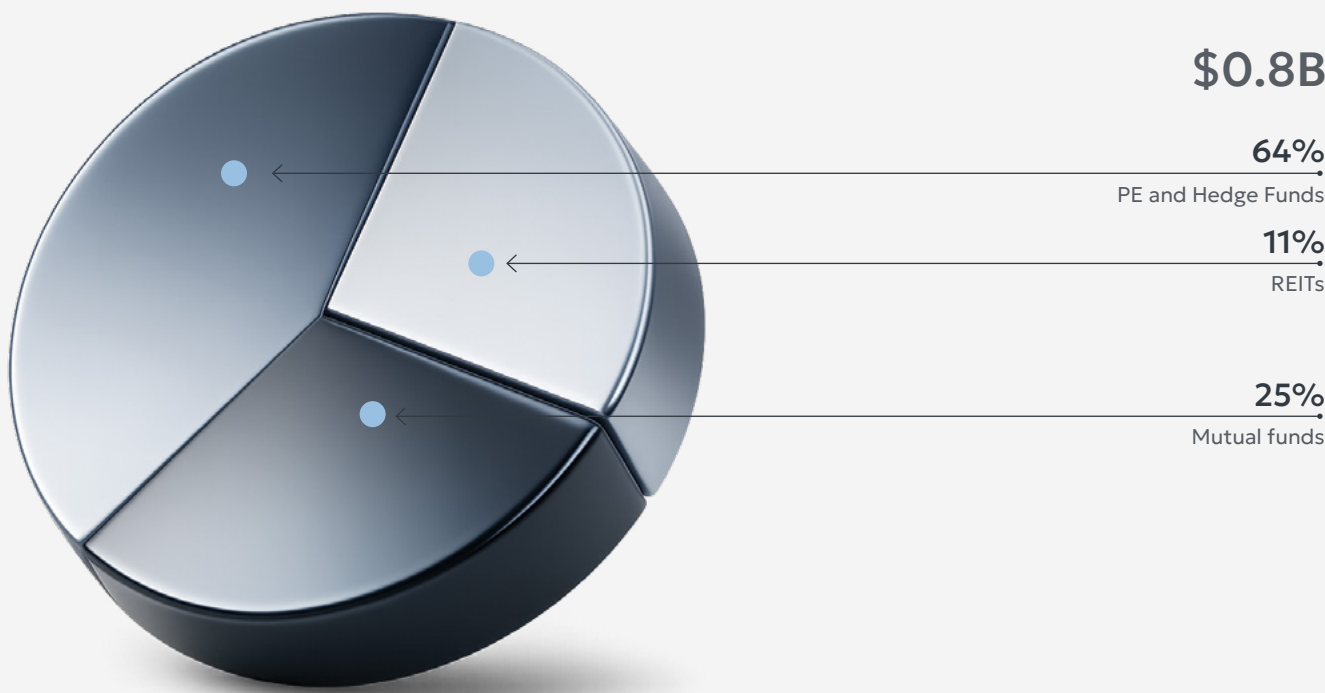


PE and hedge funds represent the largest share of total AUM of regulated funds across Kazakhstan, accounting for over 60%.

PE and hedge funds also lead in AUM among those operating under the national and AIFC regulations, with shares of 64% and over 60%, respectively.

**Figure 17.**  
Breakdown of AUM by fund types under national regulation

Source: ARDFM, NBK



**Figure 18.**  
Breakdown of AUM by fund types under AIFC regulation

Source: AFSA





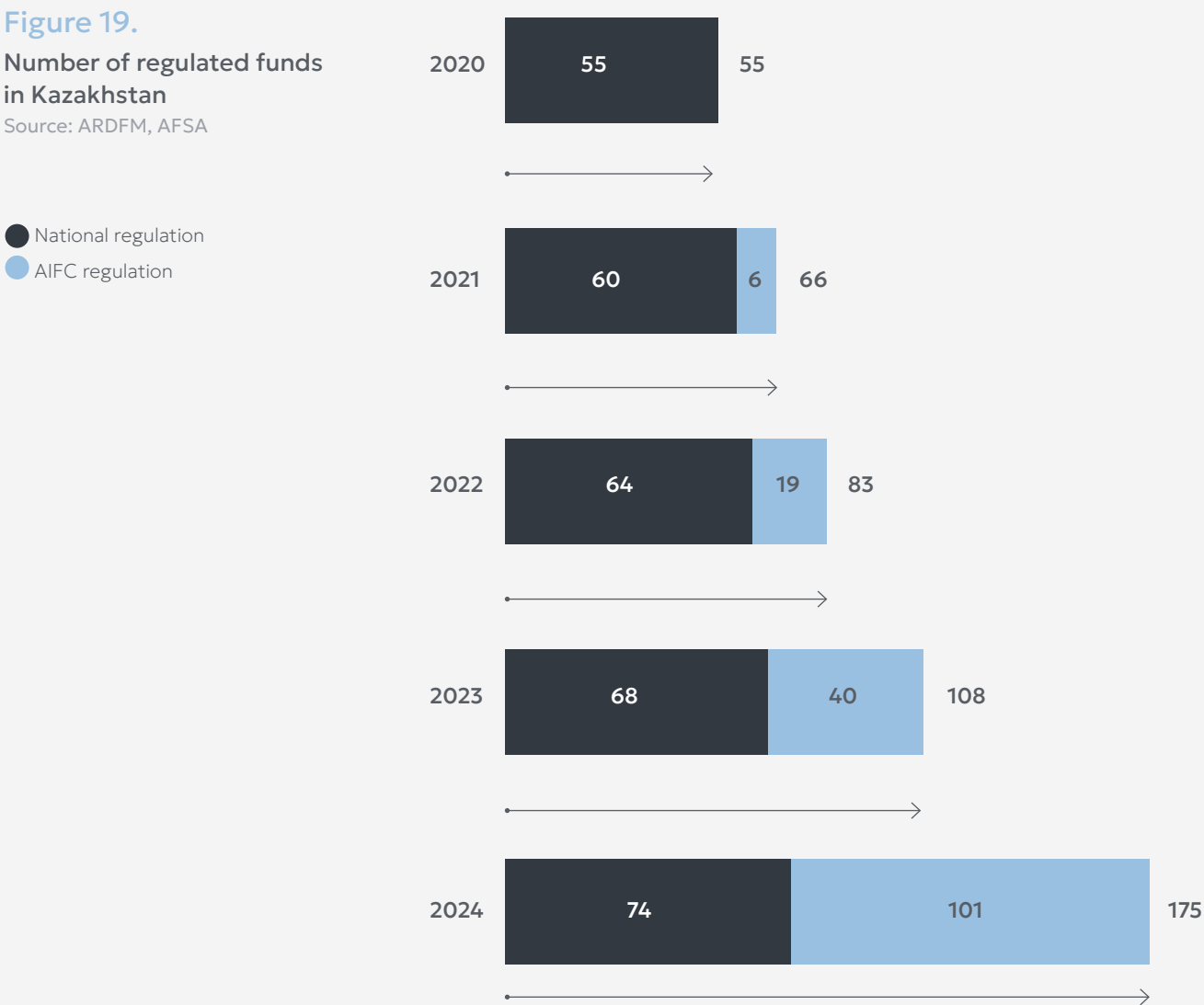
The total number of regulated funds in Kazakhstan has tripled since 2020, reaching 175 by January 2025. Such an outcome is a result of the registration of new funds within the AIFC jurisdiction.

Over 60% of the regulated funds in Kazakhstan are PE and hedge funds, followed by mutual funds at 15%, and REITs at 9%.

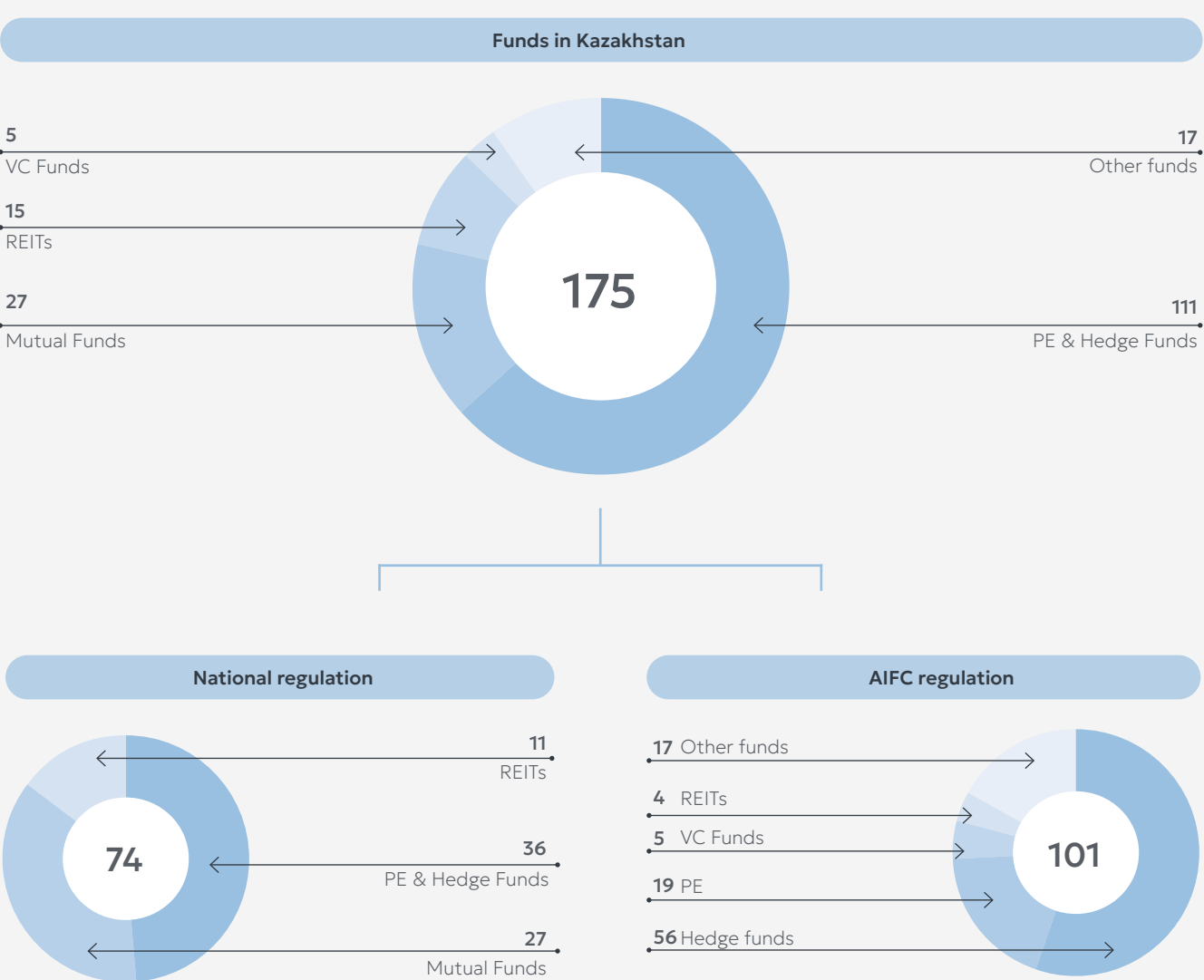
It is worth noting that the AIFC jurisdiction has facilitated the diversification of fund types in the Kazakhstan market, registering a broad

range of funds, including PE funds, hedge funds, VC funds, REITs, and other specialist funds such as commodity, credit, crypto, fixed income funds, ETFs, and umbrella funds.

**Figure 19.**  
Number of regulated funds in Kazakhstan  
Source: ARDFM, AFSA



**Figure 20.**  
Breakdown of funds by type  
Source: ARDFM, AFSA

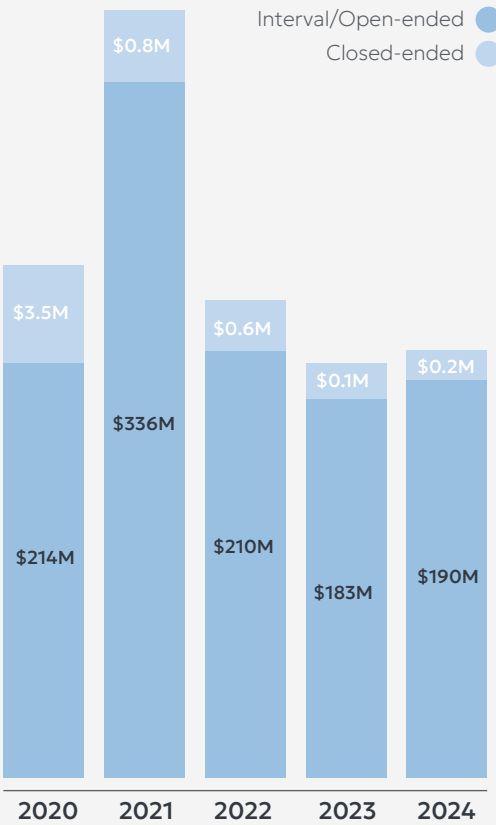


# 3.2 Mutual Funds

Data provided in this section covers mutual funds<sup>8</sup> operating under the national regulation. No such funds were registered in the AIFC as of 1 January 2025.

Figure 21.  
AUM of Mutual Funds  
under national regulation

Source: ARDFM, NBK



## Key numbers as of 1 January 2025

Total AUM

\$190.2M

Fund managers

11

Regulated funds

27

As of 1 January 2025, the total AUM of mutual funds reached \$190.2 million. At present, 27 funds are managed by 11 fund managers.

The total AUM of mutual funds has declined significantly over the given period, nearly halving since its peak in 2021. The share of open-ended and closed-ended<sup>9</sup> mutual funds in terms of AUM within the total is minimal, comprising about 1%.

The total number of unit holders has grown, increasing from **1 457 in 2020 to 11 496 by the end of 2024**. This growth was primarily driven by interval mutual funds, which account for approximately 99% of the investors. Additionally, around 99% of unit holders are individual investors.<sup>10</sup>

Figure 22.  
Number of Mutual Funds  
Source: ARDFM

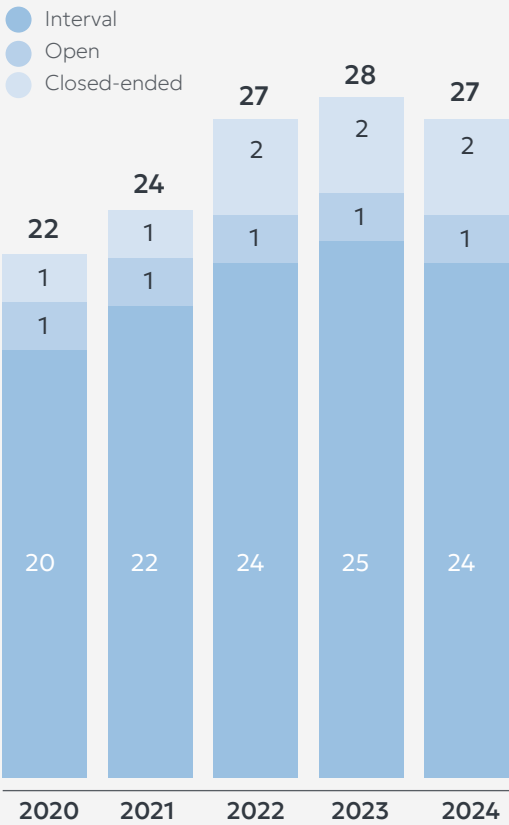
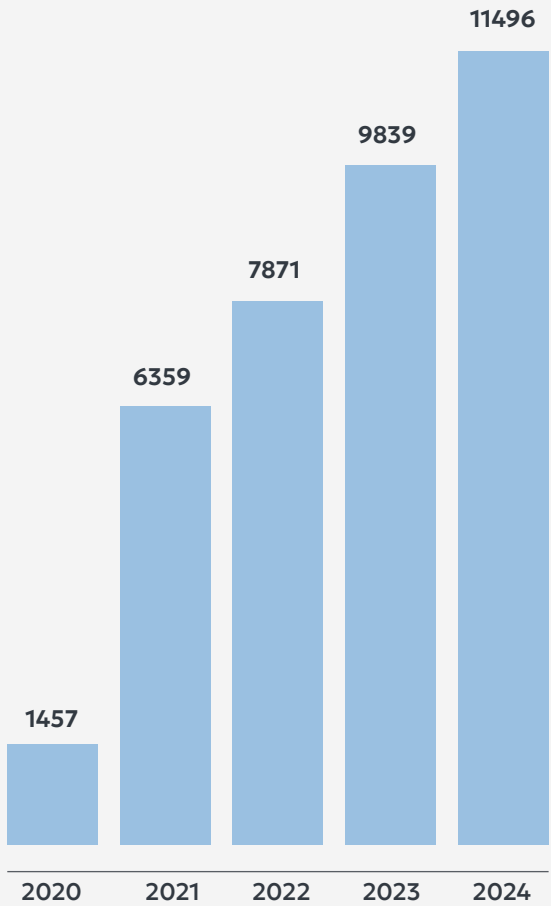


Figure 23.  
Number of unit holders  
Source: ARDFM



<sup>8</sup> Open-ended, interval, and closed-ended. Closed-ended risky UIFs are referred as hedge funds.

<sup>9</sup> Except closed-ended risky UIFs

<sup>10</sup> ARDFM

### 3.3 REITs

As of 1 January 2025, the AUM of REITs regulated under the national legislation amounted to \$82 million.

While the AUM of REITs operating within the AIFC regulation is not disclosed, it is included in the overall AUM managed by AIFC fund managers.

The AUM of the REITs under national regulation has been on a downward trend in recent years, with a significant drop in 2024—declining by more than fourfold.

Figure 24.  
AUM of REITs under national regulation  
Source: NBK



By contrast, the number of REITs in Kazakhstan has been growing. This was mainly due to the registration of new REITs in the AIFC.

Figure 25.  
Number of REIT fund managers  
Source: ARDFM, AFSA

- National regulation
- AIFC regulation

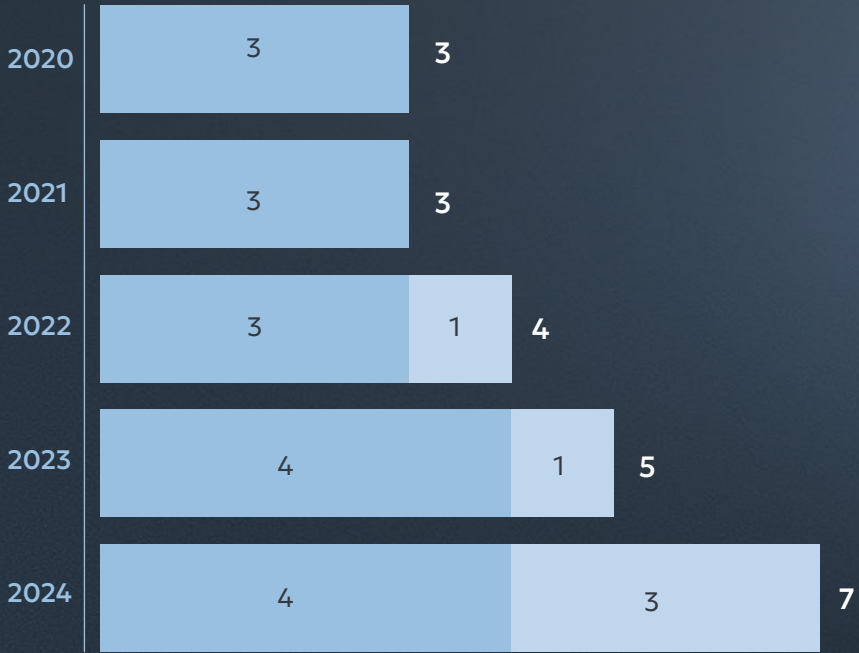


Figure 26.  
Number of REITs  
Source: ARDFM, AFSA

- National regulation
- AIFC regulation





### 3.4 Private Equity and Hedge Funds

PE and hedge funds both under national and AIFC regulations are open only for professional clients.<sup>11</sup>

By 1 January 2025, the total AUM of PE and hedge funds reached over \$980 million. At present, 111 funds are managed by 47 fund managers.

Key numbers  
as of 1 January 2025

Total AUM

~\$980M

Fund managers

47

Regulated funds

111

National regulation

AUM

\$487M

Fund managers

12

Regulated funds

36

AIFC regulation

AUM

~\$500M

Fund managers

35

Regulated funds

75

<sup>11</sup> In the report, a term “professional investor” is used instead of a term “qualified investor” determined under the national regulation. Note, that “client” and “investor” are used interchangeably throughout the text.

According to the national regulation, an individual is recognized as a qualified investor if they meet one or more of the following criteria:

1. Higher education in finance, economics, mathematics, or IT;

2. Holding at least one of the following certifications: CFA, CIA, FRM, or equivalent;

3. A minimum of three years of professional experience in fields directly related to financial instruments and investment transactions;

4. Financial assets exceeding \$65K (8,500 MCI);

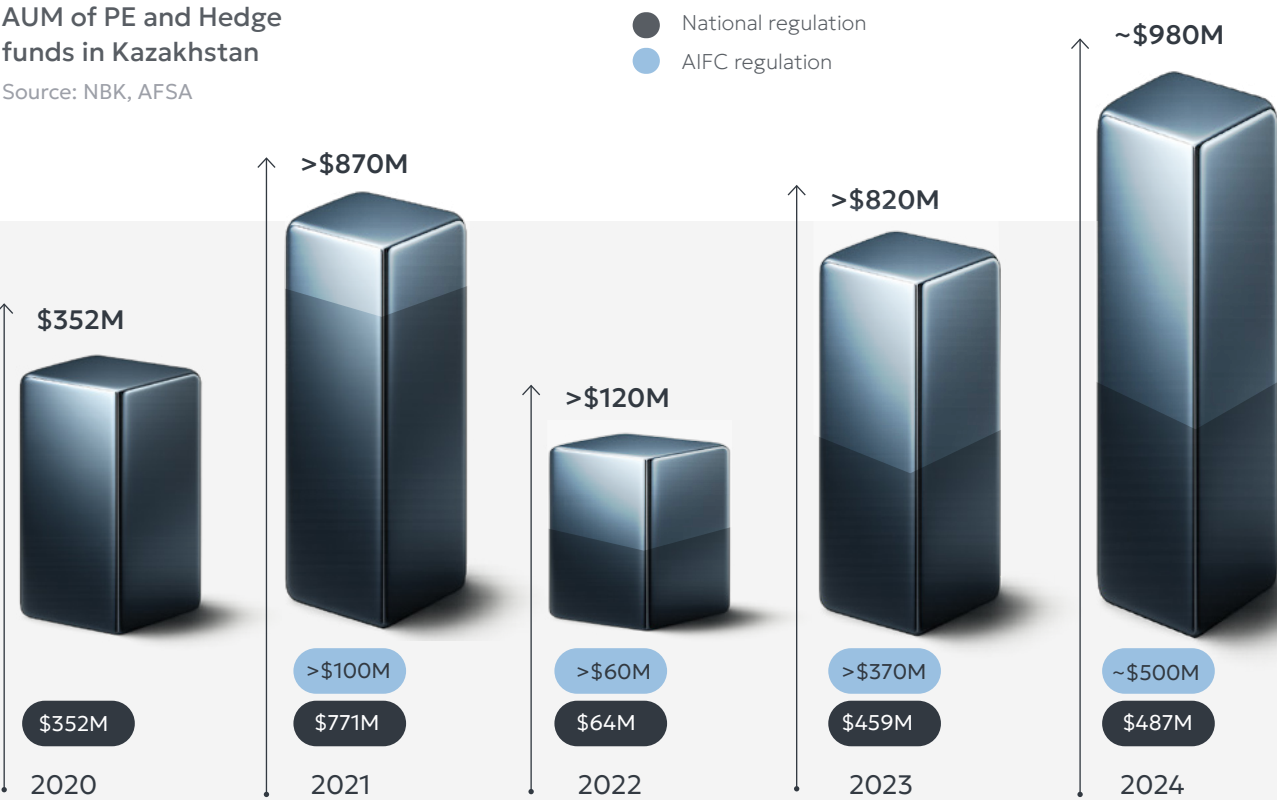
5. Completion of at least 50 transactions with financial instruments within 12 consecutive months.

Under the AIFC regulation a professional client is a client that is either a Deemed Professional Client (a national or regional government; a public body that manages public debt; a central bank; an international or supranational institution) or an Assessed Professional Client (net assets of at least \$100,000; and/or possess sufficient work experience and understanding of relevant financial products, financial services, transactions, and associated risks).

Figure 27.

AUM of PE and Hedge funds in Kazakhstan

Source: NBK, AFSA



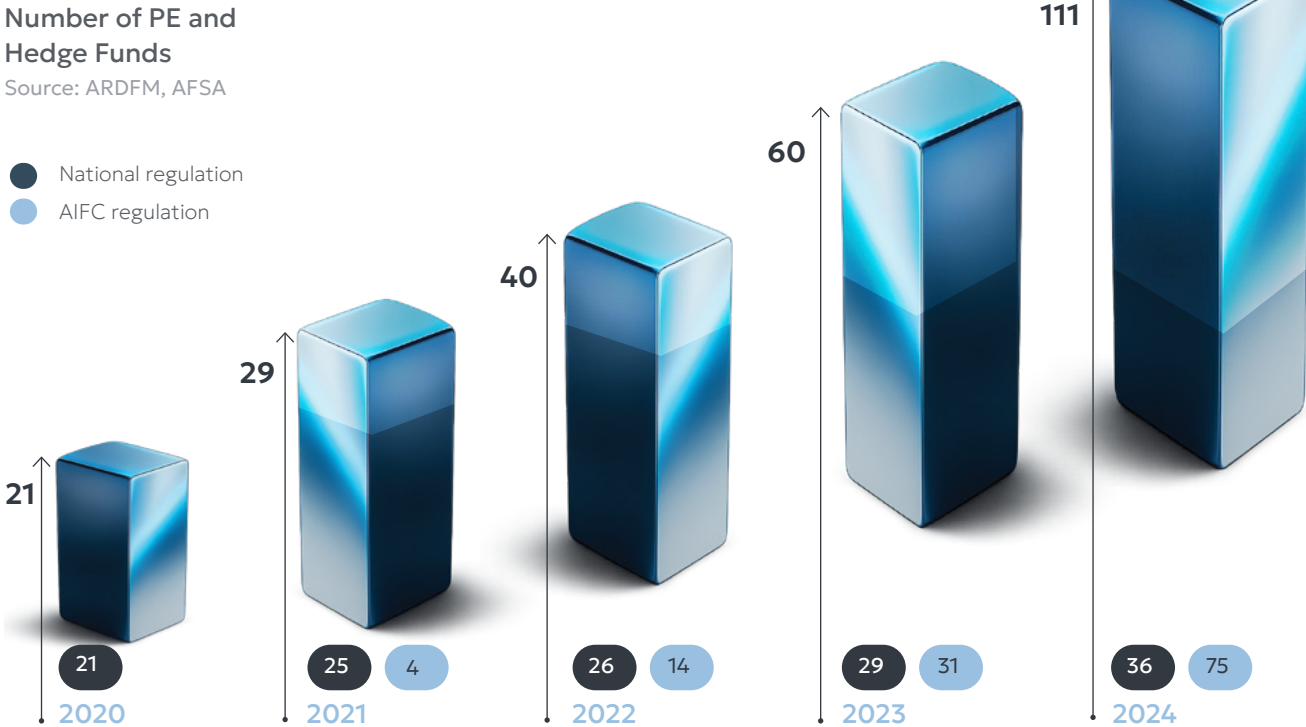
About 98% of the AUM for PE and hedge funds within the national regulation originate from closed-ended risky investment UIFs. In contrast, the contribution from joint-stock investment funds is negligible.

Since 2020, the total number of PE and hedge funds in Kazakhstan has grown five times, reaching 111 by January 2025. Such development is also driven by new funds registered within the AIFC.

Figure 28.

Number of PE and Hedge Funds

Source: ARDFM, AFSA





Key summaries from the report on Kazakhstan’s private equity market in 2012-2022.<sup>12</sup>

Please note that these figures encompass all disclosed transactions conducted by PE funds and FO, not solely those executed by regulated funds.

<sup>12</sup> Kazakhstan’s private equity market. Baker Tilly Qazaqstan Advisory, Qazaqstan Investment Corporation. 2023

Key numbers

AUM

\$107B

\$12.6B

Dry powder

Disclosed amount of AUM and dry powder of all PE funds and their management companies operating in Kazakhstan.

M&A deals in 2012-2022

Total amount

\$49B

\$4.8B

PE funds and management companies

Total number

423

88

PE funds and management companies

A total of 423 M&A transactions, valued at \$49B, were closed in the period. Of these, 66% involved quasi-state institutions, 33% -international investors, and 1% - local funds.

PE funds accounted for 88 transactions, totaling \$4.8B, with state-owned QIC funds participating in 45% of these deals.

Figure 29.

The volume and number of M&A deals closed by PE funds and FO

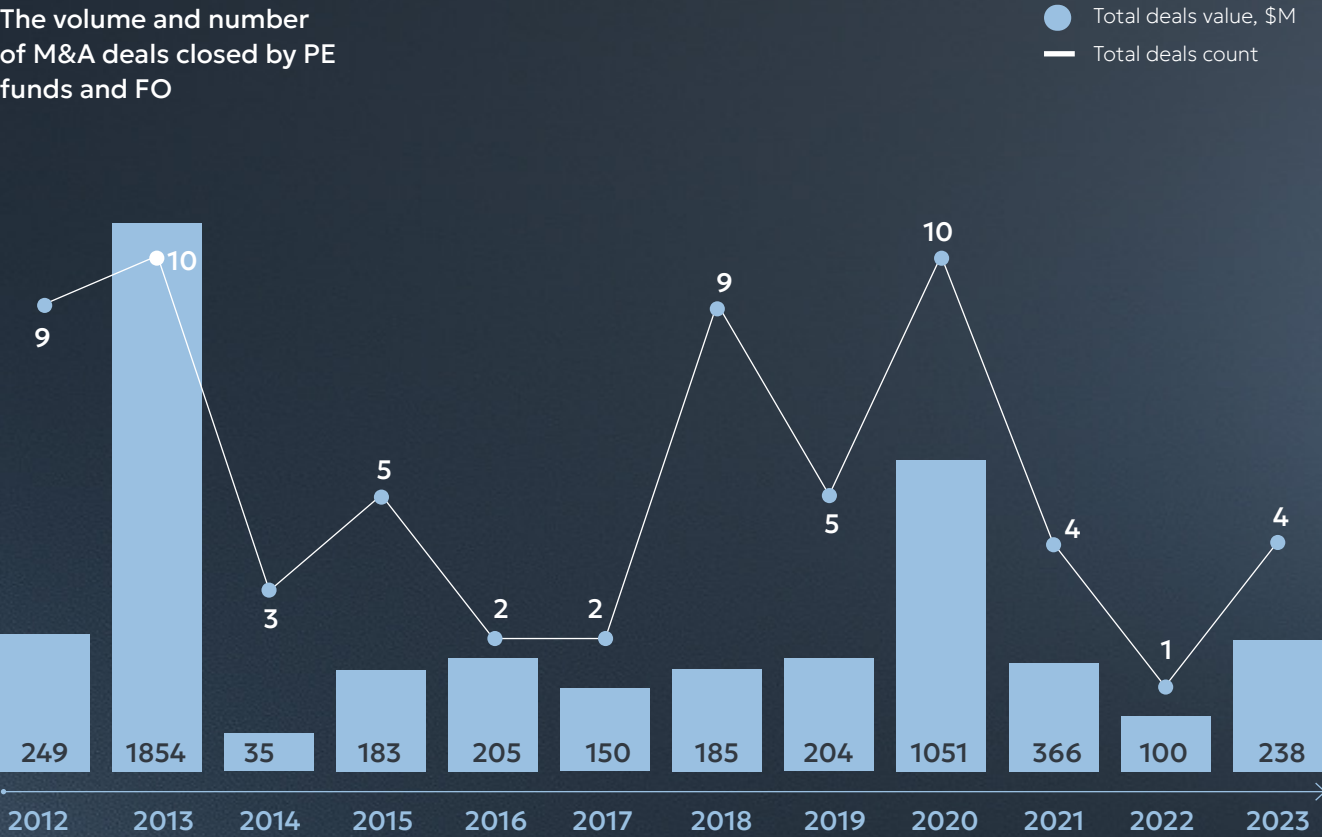


Figure 30.

Sectors of M&A deals closed by PE funds and FO, \$M



### 3.5 Venture Capital Funds

The statistics on the number of funds and fund managers in this report exclusively consider venture funds that are regulated by the ARDFM and AFSA. According to data provided by the ARDFM, regulated VC funds have not been registered under national legislation yet. Under the AIFC legal framework there are 5 VC funds managed by 3 fund managers.<sup>13</sup>

An analysis of publicly available information indicates that companies involved in venture financing are not always organised as funds and may operate outside the regulation of the authorities.

To understand the VC market size, data on the volume of VC deals were sourced from the report on VC market in Central Asia.<sup>14</sup>

<sup>13</sup> The fund restricts total subscriptions to a maximum of \$100 million (or its equivalent in other currencies), unless specifically approved to raise a higher amount by AFSA

<sup>14</sup> Venture Capital in Central Asia, 2nd edition, 2024. RISE Research

Key numbers  
as of 1 January 2025

Fund  
managers

3

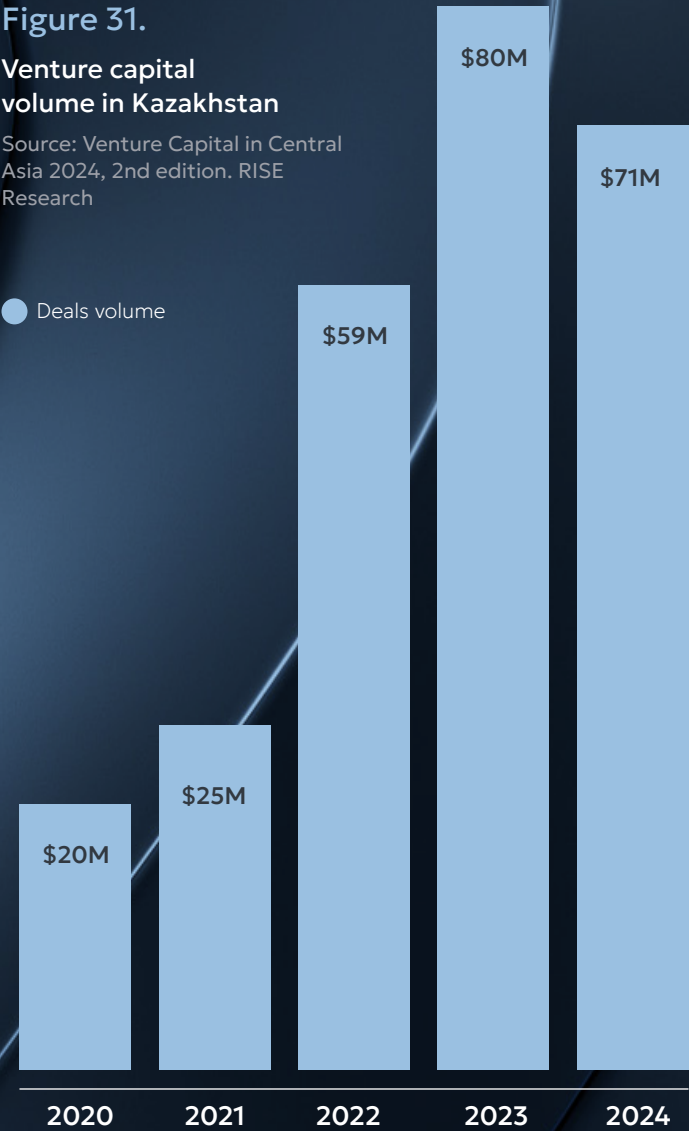
Regulated  
funds

5

Figure 31.  
Venture capital  
volume in Kazakhstan

Source: Venture Capital in Central  
Asia 2024, 2nd edition. RISE  
Research

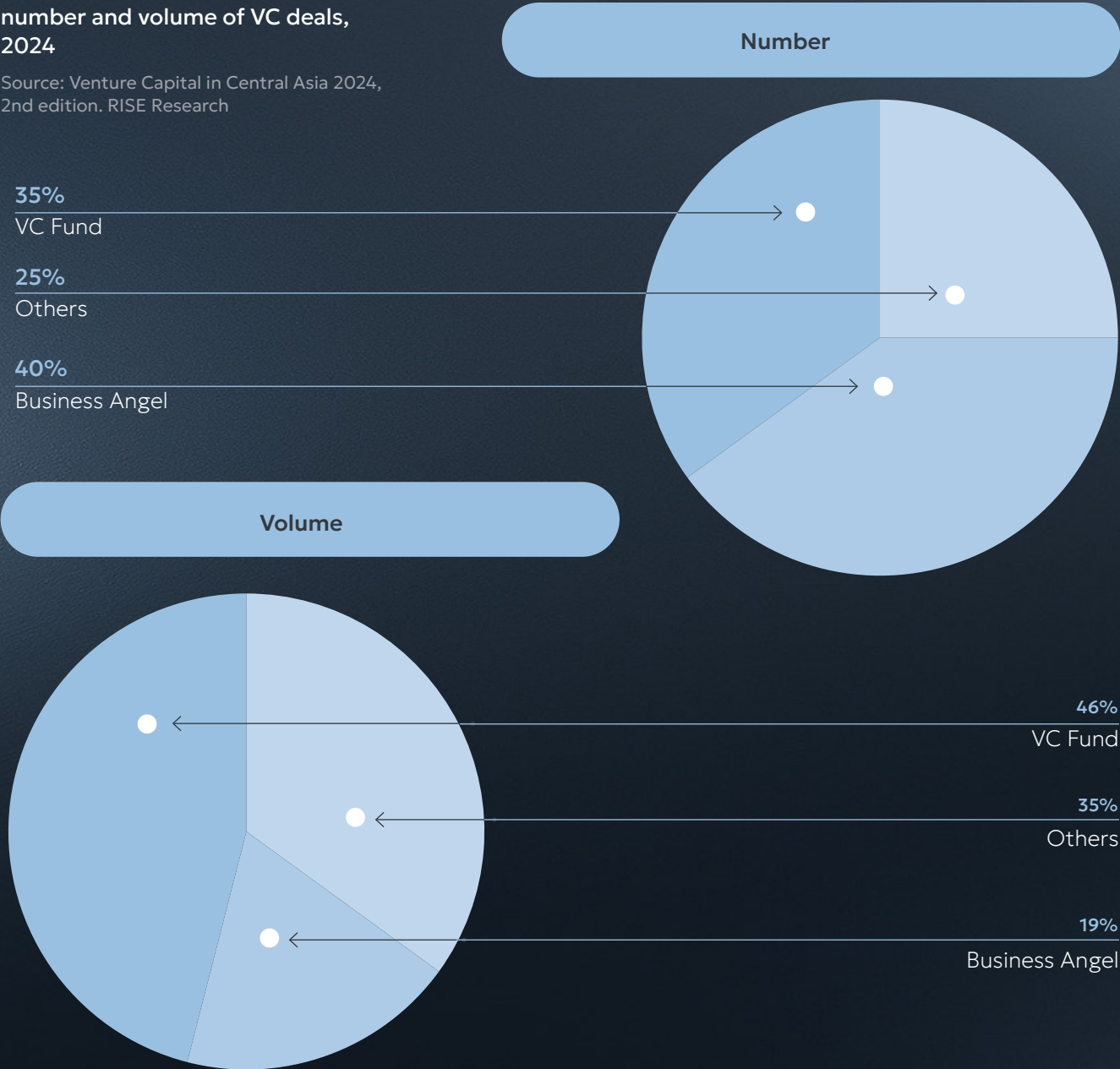
Deals volume



Please note that the figures 31 and 32 encompass all disclosed VC transactions conducted by market participants, not solely those executed by regulated venture capital funds.

Figure 32.  
Share of VC investors in  
number and volume of VC deals,  
2024

Source: Venture Capital in Central Asia 2024,  
2nd edition. RISE Research







## EMPOWERING INVESTMENT STRATEGIES FOR THE FUTURE

Asset management Company | AIFC Participant since 2022

Fonte Capital is an asset management company licensed by the AFSA, with a broad scope of regulated activities related to investment business. Our core business is managing collective investment schemes, with a focus on investor protection, transparency, and sustainable long-term performance.

By May 2025, we have expanded to 20 funds, including the Fonte Emerging Market Umbrella Fund — a multi-subfund structure in which each subfund operates with its own investment portfolio, objectives, strategy, and assets. This zonal approach allows for tailored investment solutions within a unified framework. Fonte Capital also operates in the field of digital assets, expanding access to



new financial instruments. We are the first investment management company in Kazakhstan to register a Bitcoin exchange-traded fund — the Fonte Bitcoin Exchange Traded Fund OEIC Plc (BTEF) — within the AIFC framework.

continuously expanding our portfolio of services and products. Our expertise in fund management has earned us recognition from the AIFC, with Fonte Capital Ltd. receiving the prestigious Excellence in Fund Management award in September 2024.

In just two years, Fonte Capital has emerged as one of the leading players in the AIFC's collective investment market,

### Our services include:

- Managing a Collective Investment Scheme in respect of Exempt Funds;
- Managing a Collective Investment Scheme in respect of Non-Exempt Funds;
- Managing Investments;
- Providing Fund Administration;
- Advising on Investments;
- Arranging Deals in Investments.

[www.fonte.kz](http://www.fonte.kz)



# Fund Framework

Chapter 4

## Key Takeaways



In Kazakhstan, investment funds can be registered and operate under the national framework or the AIFC framework.



The key differences between national and AIFC regulation include the legal forms of funds, fund types and mandates, the range of permitted financial instruments, and capital requirements for fund managers.



The AIFC jurisdiction allows the registration of a wide variety of funds, including private equity funds, venture capital funds, REITs, ESG funds, ETFs, umbrella funds, and others.



The AIFC allows for the recognition of foreign fund managers.



# 4.1 National Framework

The ARDFM, the state body responsible for regulating, controlling, and supervising the financial market and financial institutions,<sup>15</sup> oversees the activities of investment funds in Kazakhstan.

The primary legislative act governing the activities of investment funds in Kazakhstan is the law "On Investment and Venture Funds".<sup>16</sup>

This law does not apply to organisations in which more than 50% of the voting shares are owned or held in trust by a national management holding company, except in cases where they establish venture funds.

## Fund vehicles

According to the law, investment funds can be structured in the following forms:

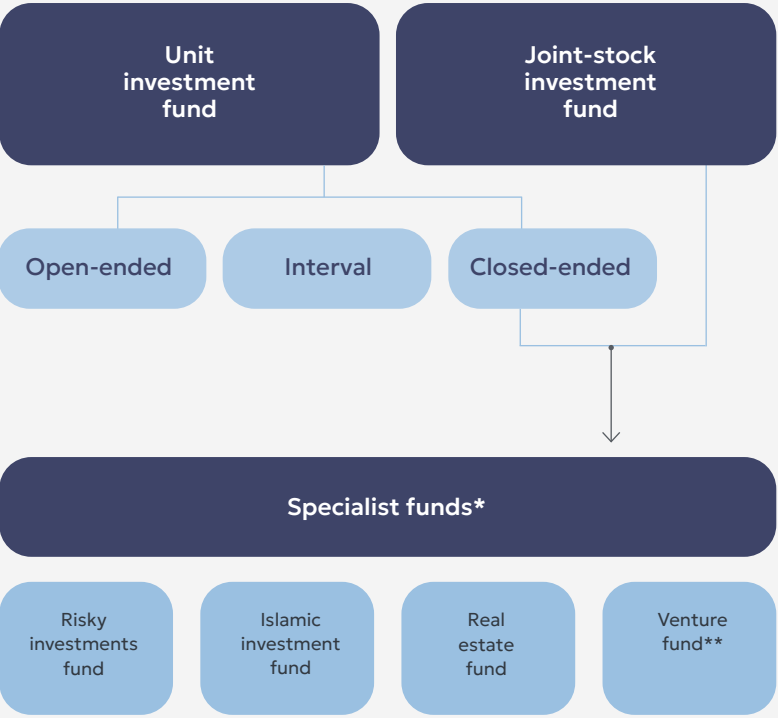
- 1 UIFs, which can be structured as open-ended, interval, or closed-ended funds;
- 2 Joint-stock investment funds.

Joint-stock investment funds and closed-ended UIFs are the only types eligible to be classified as risky investment funds.

## A risky investment fund may:

- 1 obtain loans, which are to be repaid using the fund's assets;
- 2 acquire investment assets from affiliated entities of the management company or sell fund assets under the company's management to these affiliates;
- 3 allocate assets in financial instruments of a single issuance from one legal entity, with an investment amount that can exceed 15% of the total volume of such issued financial instruments.

Figure 33. Types of investment funds under national framework



Note:  
\*The term "specialist fund" is not determined in the national regulation.  
  
\*\* Venture fund vehicles include: simple partnership without forming a legal entity, JSC, and business partnerships.

<sup>15</sup> On further improvement of the public administration system of the Republic of Kazakhstan

<sup>16</sup> On investment funds - "Adilet" LIS (zan.kz)

Furthermore, the national legislation governs and provides regulation for real estate funds, Islamic investment funds, and venture funds.

Real estate fund is allowed to be structured only as a joint-stock investment fund. Islamic investment fund may be structured either as a closed-ended UIF or as a joint-stock investment fund. While venture funds are offered a broader range of structuring options, including a simple partnership without forming a legal entity, JSC, and business partnerships.

National regulation in Kazakhstan does not explicitly classify private equity and hedge funds as a distinct fund type. In practice, such investment principles can be incorporated into investment strategies of funds.

Major players, such as state-affiliated funds and family offices, are exempt from this regulation. For example, according to a recent report on Kazakhstan's private equity market, many family offices and business conglomerates operate based on private equity principles. This group remains the most closed-off segment of the Kazakhstan direct investment market. Key findings from the report can be found in chapter 3 of this report.

## 4.2 AIFC Framework

AFSA is the independent regulator of the AIFC. AFSA oversees both financial and non-financial services activities within the AIFC.

The activities of funds are regulated by the CIS Rules and other AIFC acts.<sup>17</sup>

### Fund vehicles

The AIFC CIS framework offers fund managers several options when choosing fund vehicles:

- 1

Investment company (open or closed-ended). Open ended investment companies allow for operation of traditional funds with regular subscription and redemption possibilities whilst closed ended investment companies may be used to structure a listed fund vehicle.
- 2

Limited Partnerships structure, which includes a general partner (a fund manager) and limited partners, can serve as the basis for the AIFC fund structure.

### Collective Investment Schemes<sup>18</sup>

Managing a CIS in the AIFC jurisdiction is considered a regulated activity, which requires obtaining a license to engage in this activity if it is conducted as part of business operations.

The AIFC offers two categories of funds based on investor classification:

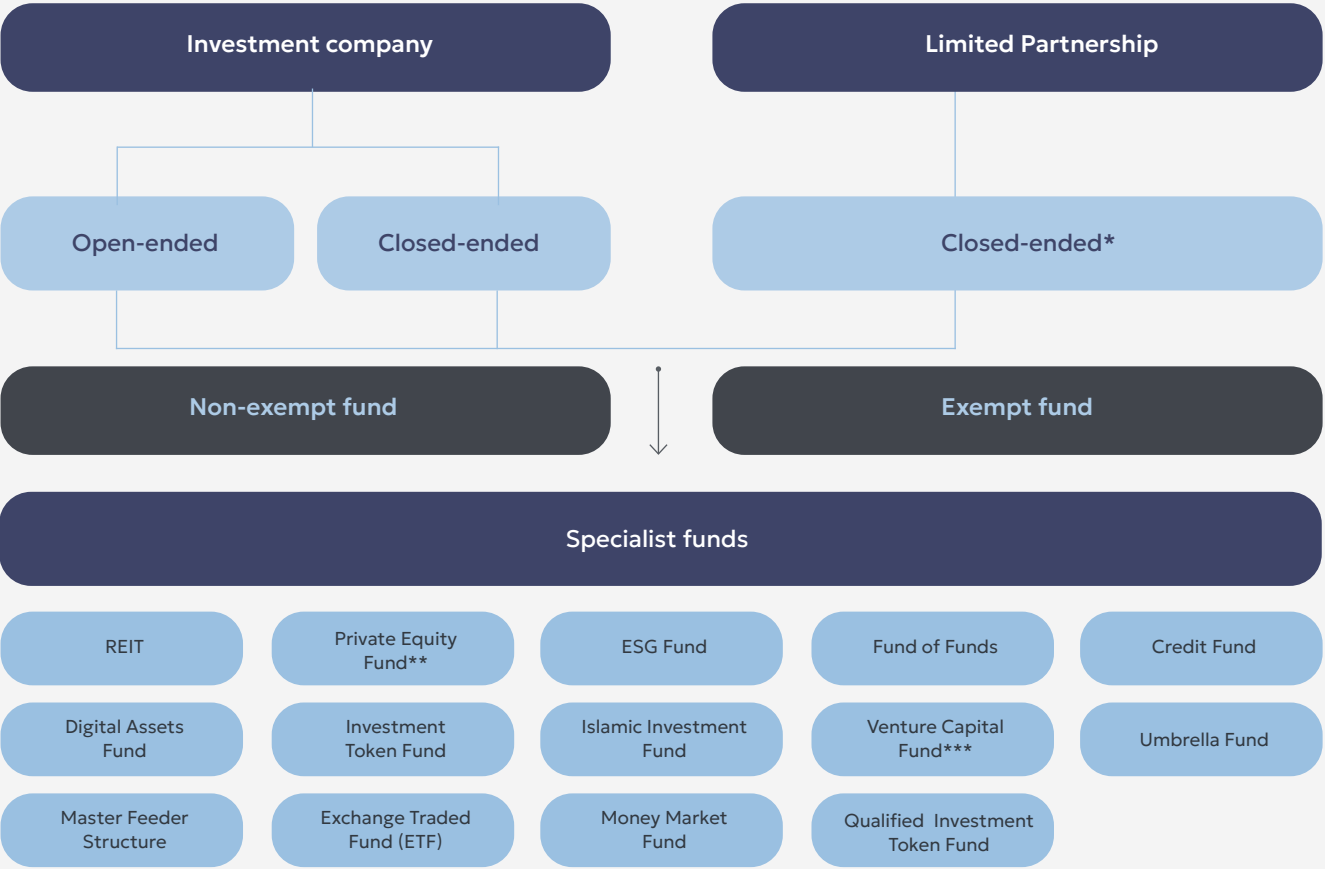
- 1

Non-exempt fund is a CIS, units of which are offered to any client in the AIFC.
- 2

Exempt fund is subject to less stringent regulation compared to Non-Exempt Funds. Exempt Funds are available exclusively to professional clients.

In the AIFC jurisdiction, both non-exempt and exempt funds can be established as specialist funds, tailored to specific business activities and investment objectives. The AIFC permits the following types of specialist funds: private equity fund, venture capital fund, REIT, Islamic investment fund, ESG fund, umbrella fund, fund of funds, master feeder structure, credit fund, digital asset fund, exchange traded fund, money market fund, investment token fund or qualified investment token fund (Figure 34).

Figure 34.  
Types of investment  
funds under the AIFC  
framework



Note:

\*LPs are most commonly established as closed-ended structures

\*\*Private equity fund is an exempt fund that is required to be closed-ended (unless otherwise approved by AFSA).

\*\*\*Venture capital fund is an exempt fund, required to be closed-ended, with total subscriptions not exceeding US\$100 million (or the currency equivalent) unless a higher amount is approved by AFSA.

<sup>17</sup> AFSA, Guidance for Fund Management activity and Funds in the AIFC  
<sup>18</sup> AIFC Collective Investment Schemes

The table below summarises the key requirements applicable to both non-exempt and exempt funds:

Non-Exempt Fund		Exempt Fund	
Fund Manager	Domestic Fund Manager	Domestic Fund Manager	Foreign Fund Manager
Minimum capital requirements of Fund Manager	US\$ 150,000	US\$ 50,000*	-
Fund Domiciliation	AIFC and foreign jurisdictions		AIFC
Fund Registration/Notification	Registration	Notification	Registration
Fund Constitution	Required		
Offering Materials	Required		
Investors/Unit holders	Any	Professional Clients only	
Minimum Subscription amount	-	US\$ 50,000	
Eligible Custodian	Required	Not required (unless REIT)	Required
Fund Auditor	Required	Not required (unless REIT)	
Periodic reports	Quarterly and annually	Not required (unless non-listed fund)	
Financial reports	Annually (IFRS or US-GAAP)		
Prudential returns	Quarterly and annually		

Source: AFSA

\* Fund has an appointed Eligible Custodian unless the appointment of an Eligible Custodian is not required due to the nature of the Fund and the type of assets which it holds. Otherwise, the base capital requirement increases to US\$ 500,000.

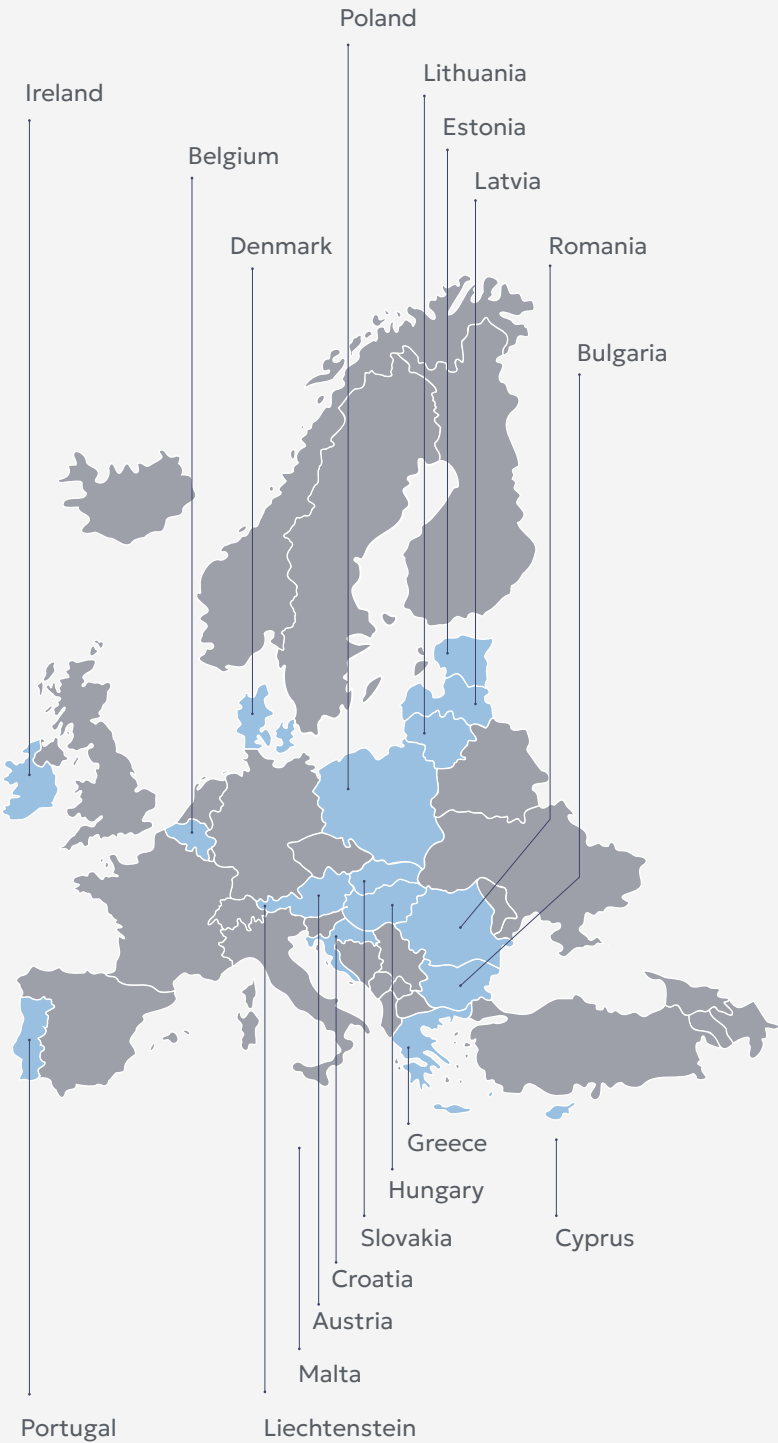
## Foreign Fund Manager recognition

A Foreign Fund Manager is permitted to manage a domestic fund, and if the units of such fund are offered in the AIFC, it must be classified as an Exempt Fund.

For recognition as a Foreign Fund Manager, the applicant must meet specific requirements outlined in the AIFC CIS Rules. The applicant must appoint a Fund Administrator and an eligible custodian. Additionally, the application must include a declaration stating that the manager is regulated by a financial services regulator either in a recognised jurisdiction or in a jurisdiction that is not recognised by AFSA.

As of today, AFSA, in coordination with the ESMA, has signed 18 MoUs on cooperation regarding the supervision of alternative investment fund managers with respective national authorities.<sup>20</sup>

Equilibrium Capital Ltd, a Hungary-based fund manager is the first foreign fund manager recognised in the AIFC in 2023. The fund manager is regulated by the Central Bank of Hungary.<sup>21</sup>



<sup>19</sup> Guidance for Fund Management activity and Funds in the AIFC. AFSA  
<sup>20</sup> AFSA  
<sup>21</sup> aifc.kz

# Recent Regulatory Developments in the AIFC

## Security Token Offering Framework in the AIFC

Effective 1 January 2024, Security Token Offerings (STOs) framework provides issuers and investors with a structured pathway to issue and trade regulated distributed ledger technology securities, in accordance with international regulatory standards.

STOs unlock new possibilities for improved market liquidity and more precise price discovery. By integrating blockchain technology, the system ensures enhanced transparency, real-time access to trading data, and greater overall efficiency in the securities market.<sup>22</sup>

## Single Family Offices (SFO) in the AIFC

Effective 1 July 2024, AFSA has introduced the AIFC Family Offices framework, specifically designed for SFOs within the AIFC. This framework enables SFOs to establish and manage SFO Funds, aligning family wealth management with global best practices.<sup>23</sup>

## Exempt funds can list their units on authorised investment exchanges within the AIFC

AFSA has implemented a new strategy allowing Exempt Funds to list their units on Authorised Investment Exchanges within the AIFC. Previously, only Non-Exempt Funds had this privilege. This development is expected to introduce a wider range of financial instruments, facilitate connections between professional investors and fund managers, and potentially lower distribution costs.<sup>24</sup>

# Recent Developments among AIFC Participants

## Umbrella Fund

In June 2024, AFSA registered Fonte Emerging Markets Umbrella Fund as the first Umbrella Fund in the AIFC. This fund consolidates several Sub-Funds, each with its own investment objectives and strategies.

Umbrella Funds streamline administration by consolidating compliance and management under one unified structure. This approach enhances operational efficiency, reduces complexity, and minimises the potential for errors, making fund management more effective.<sup>25</sup>

## Non-Exempt Fund

In September 2024, the first non-exempt fund, SBI Active Fund, was registered within the AIFC. Operations of such funds allow retail investors to access a broader range of investment opportunities, which could include more flexibility in terms of asset allocation, risk exposure, and potential returns.<sup>26</sup>

<sup>22</sup> AFSA

<sup>23</sup> AFSA has enacted the AIFC Family Offices framework effective from 1 July 2024.

<sup>24</sup> AFSA allows Fund Managers of Exempt Funds to have their units traded on Authorised Investment Exchanges of AIFC

<sup>25</sup> AFSA registers first Umbrella Fund – AIFC

<sup>26</sup> AFSA has registered the first Non-exempt fund for retail investors...



### 4.3

## Key Differences in the Frameworks

Some key differences of national and AIFC regulations regarding fund management activities are summarised below. Detailed tables describing fund regulations can be found in Annexes 1 and 2.

Please note that the information provided below represents the views of the authors and does not constitute an official statement by the AIFC, AFSA, or ARDFM.

#### Legal form

Legal forms of investment funds under national regulation include JSC and UIFs without forming a legal entity. A wider choice is offered only for venture funds, which can be in the form of a simple partnership, business partnership, and JSC. However, a regulated venture fund has not yet been registered under national legislation.

The AIFC allows funds to be established as Investment company or Limited partnership.

#### Assets of investment fund

National regulations permit investments exclusively in financial instruments (except for REITs) and provide a list of financial instruments for REITs, open-ended and interval UIFs.

The AIFC framework, in addition to financial instruments, allows investments in other funds, derivatives, real property, and other instruments, in line with the fund's investment policy. The list of permissible financial instruments is determined based on the fund's investment policy.

#### Capital requirements for fund managers

In national regulation, capital requirement for the management company that carries out trust management of pension assets is about \$6.2 million.<sup>27</sup> While the national regulation sets higher capital requirements for fund managers, such funds have access to the management of pension assets.

In the AIFC jurisdiction, capital requirement for management companies: \$150 thousand for Non-exempt funds and \$50 thousand for Exempt funds.

<sup>27</sup> 800 000 MCI

# Annex 1

## National Framework

---

1 Fund structure, authorization, restructuring and liquidation					
Requirement	Joint-stock real estate investment fund	Joint-stock investment fund	Closed-ended UIF	Open-ended UIF	Interval UIF
Legal form	JSC		Without forming a legal entity.		
Fund size (min/max)	Authorized capital of not less than 50,000 MCI		Determined by the fund rules		
Creation of the Fund	The charter must contain: regulations on activities in accordance with the investment declaration; types, procedure for determining and max. amounts of expenses		The management company's board of directors decides on the creation of a UIF and approves the rules of the UIF. The management company has the right to create several UIFs.  UIFs of the same type, created by one management company, must differ in investment declarations.		
Registration	In the manner prescribed by the Law on JSC		Carried out by the ARDFM within 15 business days		
Documents for registration	<ul style="list-style-type: none"><li>• The charter</li><li>• Draft agreement with the management company</li><li>• Investment declaration approved by the general meeting or by a founder</li></ul>		<ul style="list-style-type: none"><li>• Application</li><li>• Copy of the decision by the Board of Directors or the general meeting of unitholders on the establishment of a UIF</li><li>• Fund rules approved by the Board of Directors or the general meeting of unitholders</li><li>• Internal documents of the management company</li></ul>		
Specific requirements	Prohibited: <ul style="list-style-type: none"><li>• Golden shares</li><li>• Subsidiaries (permitted for real estate investment fund exclusively for servicing real estate)</li><li>• Issuance of other instruments, except for ordinary shares (excl. risky investment funds and real estate investment funds)</li></ul>		The management company cannot hold shares in the investment funds it manages under the concluded agreements. Similarly, the custodian, audit organization, and appraiser cannot hold shares in the investment funds they service under the concluded agreements		
Reorganization and liquidation	In the manner prescribed by the Law on JSC		Competence of the general meeting of unitholders	–	–
Voluntary reorganization and liquidation	Notify the regulator within 5 business days		<ul style="list-style-type: none"><li>• Merging of closed-ended UIFs is permitted.</li><li>• A change of form to open-ended or interval fund is permitted by the decision of the general meeting of unit holders.</li></ul>	<ul style="list-style-type: none"><li>• Merging of open-ended funds is permitted</li><li>• A change of form to a closed-ended fund is prohibited</li></ul>	<ul style="list-style-type: none"><li>• Merging of interval funds is permitted</li><li>• A change of form to a closed-ended fund is prohibited</li></ul>
Forced reorganization and liquidation	<ul style="list-style-type: none"><li>• By court decision.</li><li>• Notify the regulator within 5 working days after the decision comes into force.</li><li>• The failure of a fund to re-register with the State Corporation "Government for Citizens" within two months from the date of termination, cancellation, or expiration of the agreement with the management company is grounds for its forced liquidation</li></ul>		–	–	–
Listing & trading	Allowed (excl. risky investment fund)		Allowed (excl. risky investment fund)	Not allowed	Allowed

\*Note: venture funds are not included in the Annexes. Venture funds can be structured as 1) a simple partnership without forming a legal entity; 2) JSC; 3) business partnership. The charter of venture fund must contain a provision stating that its exclusive activity is venture financing.

2

Corporate governance and responsibility

Requirement	Joint-stock real estate investment fund	Joint-stock investment fund	Closed-ended UIF	Open-ended UIF	Interval UIF
Decision of the first general meeting	Decision on selecting a custodian		–	–	–
Participation at the general meeting	Representatives of the management company, custodian, central depository, auditor, and regulator may be present		–	–	–
Decisions of the general meeting	The decision, which allows its shareholders to submit applications for the repurchase of shares, comes into force in 30 days		Decision on changing from closed-ended fund to open-ended or interval fund upon compliance with requirements		–
Competence in terms of changes to the investment declaration/fund rules	Competence of the board of directors		Competence of the general meeting of unitholders	Competence of a management company	
Changes to investment declaration/fund rules, subject to ARDFM compliance	–		Changes and additions are subject to approval by the ARDFM, except for: <ul style="list-style-type: none"><li>•The name and location of the management company</li><li>•The name and location of the custodian</li><li>•The auditor of the management company and custodian, as well as changes to their names and locations</li><li>•The list of intermediaries for the placement and redemption of units</li></ul>		
ARDFM review period	Submitted to the ARDFM for approval within 3 working days from the date of their approval by the board of directors' decision		The ARDFM reviews within 15 calendar days		
Entry into force of changes to the investment declaration/fund rules	30 days after publication in the media or receipt of the text of these amendments/additions by all shareholders, with an indication of their registration with the authorized body		–	30 days after publication in the media	
Share/Unitholders responsibility	A shareholder is only liable for company losses up to their share value		Unit holders are not liable for the fund's obligations and bear the risk of losses up to the value of their units		
Share/Unitholders rights	In accordance with the Law on JSC		<ul style="list-style-type: none"><li>•Control of the management company's activities</li><li>•Participation in the general meeting</li><li>•Receiving dividends</li></ul>		Control of the activities of the management company in accordance with the fund rules
Exclusive competence of the general meeting	In accordance with the Law on JSC		1) making changes and additions to the fund rules; 2) termination of the fund; 3) merging with another closed-end UIF or changing the fund to open-end or interval; 4) changing the management company or custodian; 5) other issues in accordance with the rules		–

3

Investment declaration of the fund and rules of the UIF

Requirement	Joint-stock real estate investment fund	Joint-stock investment fund	Closed-ended UIF	Open-ended UIF	Interval UIF
Full and abbreviated name of the fund			✓	✓	✓
Full name and location of the management company. Rights and obligations	✓	✓	✓	✓	✓
Full name and location of the custodian, auditor. Rights and obligations	✓	✓	✓	✓	✓
Rights and obligations of unit holders			✓	✓	✓
Types, procedures for determining, and maximum amounts of expenses and remuneration to the management company, custodian, and other persons, which are subject to payment from the assets of the investment fund	✓	✓	✓	✓	✓
Conditions and procedure for making changes and additions to the rules/investment declaration by the management company			–	✓	✓
Conditions and procedure for changing the management company or custodian			✓	✓	✓
Asset management agreement			✓	✓	✓
Fund validity period (or perpetual validity period)			✓	✓	✓
Description of the goals and objectives of the investment policy, as well as policy restrictions	✓	✓	✓	✓	✓
List of investment objects, types of transactions, their conditions and limits	✓	✓	✓	✓	✓
The procedure and timeframe for bringing assets into compliance with the investment declaration			✓	✓	✓
Description of risks, and conditions for hedging and diversification of assets	✓	✓	✓	✓	✓
Dividend policy / Terms and procedure for accrual and payment of dividends	✓	✓	✓	–	–
The procedure for accounting and determining the value of assets and the estimated value of a share	✓	✓	✓	✓	✓
Conditions of application and procedure for calculating surcharges to the estimated value of units/shares			✓	✓	✓
Conditions for the application and procedure for calculating the discount when buying out a share from the management company			–	✓	✓
List of management company representatives responsible for the placement and redemption of shares			✓	✓	✓
Conditions and procedure for liquidation/termination of the fund			✓	✓	✓
Investment declaration			✓	✓	✓
Conditions and procedure for filing and executing applications for the acquisition of shares			✓	✓	✓
Nominal value of a share at initial placement			✓	✓	✓
Conditions for execution of applications for share redemption			–	✓	✓
Conditions and procedure for suspension of placement			✓	✓	✓
Conditions and procedure for suspending the buyout			–	✓	✓
Conditions for exchanging shares for shares of another open-ended or interval UIF			–	✓	✓
Conditions for disclosure of information to share/unitholders			✓	✓	✓
Terms and procedure for providing responses to share/unitholders			✓	✓	✓
Information about the media in which the information will be published			–	✓	✓
Conditions and procedure for convening and holding a general meeting of share/unitholders			✓	–	–

4

Issuance, cancellation, sale and redemption of shares/units

Requirement	Joint-stock real estate investment fund	Joint-stock investment fund	Closed-ended UIF	Open-ended UIF	Interval UIF
Issuance			•Lasts no more than 3 months and ends when the minimum asset size is reached •A one-time extension is possible (subject to agreement with the ARDFM), but it cannot exceed 3 months		
Purchase of Units	Only in cash and in the national currency		Only in cash and in the national currency (unit nominal value may be denominated in foreign currency)		
Restrictions during the initial issue			Investing only in deposits of second-tier banks that are not affiliated with the management company and whose securities are included in the stock exchange list		
Restrictions for Unitholders	•Management company, custodian, central depository, auditor, and appraiser  •Legal entity registered in offshore zones (except for risky investment fund)*		•Management company, custodian, auditor, and appraiser**  •A legal entity if its financial instruments are part of the assets and constitute more than 5%	Management company, custodian, auditor, and appraiser	Management company, custodian, auditor, and appraiser
Frequency of redemption of shares/units				At least once every two weeks	At least once a year (If less than once a month, the application acceptance period must be at least 3 working days)
Buyback	In the event that the general meeting of shareholders makes a decision on: •The reorganization of the fund, or •Making changes and additions to the charter or prospectus of the fund that infringe on its rights •Making changes and additions to the investment declaration		No right to demand, unless determined by the rules	•At the expense of money contained in the assets of an investment fund or received from their sale, as well as borrowed funds •Not allowed during the initial placement •The right to demand from the management company on the terms and in the manner established by the rules •Within 30 days before the entry into force of changes to the rules that infringe on the interests of holders •Discounts are permitted (up to 3%) •Discounts are prohibited upon termination of the UIF and changes to the rules	
Subsequent offering of shares/units			Price surcharges are allowed	Price surcharges are allowed	
Temporarily suspension the issuance, cancellation, sale and redemption of Units			• By order of the ARDFM •The management company has the right to specify in the rules the suspension of placement upon notification in the media	By order of the ARDFM or the management company itself (but the ARDFM has the right to prohibit it if it does not align with the interests of the shareholders)	•By order of the ARDFM or the management company itself (but the ARDFM has the right to prohibit it if it does not align with the interests of the shareholders) •The management company has the right to specify in the rules the suspension of placement upon notification in the media

\*Separate requirements for a risky investment fund do not apply  
\*\* Except in the case of holding units by a management company as part of a market maker function. In this case, the number of units held by a given management company must be less than 10% of the number of all placed units (excluding redeemed units) of the fund it manages.



5 Assets of investment fund					
Requirement	Joint-stock real estate investment fund	Joint-stock investment fund	Closed-ended UIF	Open-ended UIF	Interval UIF
Assets	<ul style="list-style-type: none"><li>•Financial instruments</li><li>•Buildings and structures</li><li>•Land plots</li><li>•Unfinished construction projects</li><li>•Production inventory and fixed assets used to service buildings and structures</li></ul>	Financial instruments	Financial instruments	Financial instruments	Financial instruments
List of financial instruments	<ul style="list-style-type: none"><li>• Government securities, municipal bonds, debt securities of Samruk-Kazyna and its subsidiaries,</li><li>• Deposits in Kazakhstan second-tier banks with a rating of at least B-, deposits in resident subsidiary banks whose non-resident parent bank has a rating of at least A-,</li><li>• Shares, provided they are included in the representative list of the index of Kazakhstan stock exchange on the date of the transaction,</li><li>• Debt securities of RK issuers with a rating of at least B-,</li><li>• Securities of foreign issuers with a rating of at least AA-,</li><li>• Securities of international financial organizations,</li><li>• Government securities and currencies of countries with a sovereign rating of at least BBB, and refined precious metals,</li><li>• Derivative financial instruments with underlying assets that are financial instruments permitted for acquisition by real estate investment fund,</li><li>• Share in a legal entity servicing property included in real estate investment fund</li></ul>	–	–	<ul style="list-style-type: none"><li>• Government securities, municipal bonds, debt securities of Samruk-Kazyna and its subsidiaries,</li><li>• Deposits in Kazakhstan second-tier banks with a rating of at least B-, deposits in resident subsidiary banks whose non-resident parent bank has a rating of at least A-,</li><li>• Debt securities of issuers with a rating of at least B- and debt securities admitted to public trading on AIX,</li><li>• Infrastructure bonds of organizations in the Republic of Kazakhstan that are included in the official list of the stock exchange and/or admitted to public trading on AIX, Units of investment funds included in the official list of the stock exchange and/or admitted to public trading on AIX</li><li>• ETFs and ETNs with a rating of at least 3 stars from the Morningstar rating agency</li><li>• Depositary receipts</li><li>• Government securities and currencies of foreign countries with a sovereign rating of at least BBB, Refined precious metals</li><li>• Securities of international financial organizations and foreign organization with a rating of at least BB-Principal protected notes, subject to compliance with the conditions, Derivative financial instruments, subject to compliance with the conditions</li><li>• Deposits in non-resident banks with a long-term credit rating of at least A-</li><li>• ETFs with an asset structure that mirrors one of the major stock indices</li><li>•Shares in LLPs</li></ul>	
Restrictions on financial instruments (prohibitions)	<ul style="list-style-type: none"><li>• Shares/units of a fund managed by the same management company</li><li>• Assets/securities of the management company</li><li>• Shares/interests in non-profit organizations</li><li>• Financial instruments more than 15% of the total placement (except for closed-ended risky UIFs, joint-stock risky investment fund, and real estate investment fund in terms of the creation of subsidiaries whose main activity is real estate servicing)</li></ul>				
Investment limits	<ul style="list-style-type: none"><li>• Not less than 80% of assets must be invested in real estate, with not less than 50% of all income generated from rent.</li><li>• Financial instruments of one person or its affiliated persons and financial instruments of a quasi-state company and its affiliated persons in one industry - in total no more than 20%</li></ul>	<ul style="list-style-type: none"><li>• Financial instruments of one person or its affiliated persons in total no more than 30%</li><li>• Financial instruments of a quasi-state company and its affiliated persons in one industry - in total no more than 50%</li></ul>		<ul style="list-style-type: none"><li>• Financial instruments of one person or its affiliated persons in total no more than 20%</li><li>• Financial instruments of a quasi-state company and its affiliated persons in one industry - in total no more than 30%</li></ul>	<ul style="list-style-type: none"><li>• Financial instruments of one person or its affiliated persons in total no more than 20%</li><li>• Financial instruments of a quasi-state company and its affiliated persons in one industry - in total no more than 30%</li></ul>
Leverage or borrowing limits	No more than 60% of the asset value	Loans received for the repurchase of shares or units should not exceed 10% of the net asset value and should be for a period of no more than 3 months		<ul style="list-style-type: none"><li>• Loans received for the repurchase of shares or units should not exceed 10% of the net asset value and should be for a period of no more than 3 months</li><li>• Payment of remuneration for such loans at the expense of the management company</li></ul>	
Deadlines to align assets with the investment policy	<ul style="list-style-type: none"><li>• 12 months from the date of registration</li><li>• 6 months (after the first 12 months)</li></ul>			–	
Financial statement	Accounting in accordance with legal acts of the Ministry of Finance			–	

6 Prudential requirements		
Requirement	Management company not authorized to attract voluntary pension contributions	Management company authorized to attract voluntary pension contributions
Minimum authorized capital required	–	800 000 MCI
Minimum Capital Requirement	50 000 MCI	440 000 MCI
Capital adequacy	Capital adequacy coefficient = (HLA+LA - TL) / (50 000 MCI+OR), where: <ul style="list-style-type: none"><li>• HLA - Highly liquid assets of the investment portfolio manager available on the calculation date.</li><li>• LA - Liquid assets of the investment portfolio manager available on the calculation date.</li><li>• TL - Total liabilities on the balance sheet available on the calculation date.</li><li>• OR - Operational risk associated with the trust management of assets, calculated as the amount of assets under investment management on the calculation date, multiplied by the operational risk coefficient of management company 0.1%</li></ul>	Capital adequacy coefficient = (HLA+LA - TL) / (440 000 MCI+OR), where: <ul style="list-style-type: none"><li>• HLA - Highly liquid assets of the investment portfolio manager available on the calculation date.</li><li>• LA - Liquid assets of the investment portfolio manager available on the calculation date.</li><li>• TL - Total liabilities on the balance sheet available on the calculation date.</li><li>• OR - Operational risk associated with the trust management of pension assets, calculated as the amount of assets under investment management on the calculation date, multiplied by the operational risk coefficient of management company 4%</li></ul>
Liquidity requirement	K2-1 – not less than 1; K2-2 – not less than 0,9; K2-3 – not less than 0,8; K2-4 – not less than 0,5.	
Frequency of reporting	Monthly, no later than the 5th working day	
Notification in case of breaches	Within 3 business days	
An action plan with early response measures to enhance the organization's financial sustainability	<ul style="list-style-type: none"><li>• A detailed analysis of the factors influencing the deterioration of the organization's financial position, with an indication of the reasons for their occurrence</li><li>• Forecast of the factor, justification for this forecast, and the negative impact of the factor on the organization's activities</li><li>• Measures to improve a factor, reducing it to a level that neither poses a threat nor creates additional risks to the organization's activities;</li><li>• Deadlines for the implementation of the action plan for each of its points;</li><li>• List of senior staff responsible for implementing the action plan</li></ul>	
Review of the action plan by ARDFM	Within 30 business days	
Providing an action plan	Within 5 business days (in case of independent identification of the factors by management company)	
Methodology for Identifying Factors	<ul style="list-style-type: none"><li>• A decrease of more than twofold in the equity capital adequacy ratio over three consecutive months, reaching a level 0.3 points above or below the target equity capital adequacy ratio</li><li>• A decrease in the equity capital adequacy ratio when its initial value is already below a level that exceeds the target by 0.3 points</li><li>• A cumulative decrease in the volume of liquid assets by 20 percent or more over three consecutive months</li><li>• Loss-making operations for 3 consecutive months</li></ul>	

<div>7</div> <div>Custodian and fund administrator</div>		
Requirements to additional service providers	Custodian	Administrator
Mandatory requirement for the fund	✓	
Separate accounting for every investment fund	✓	
Safekeeping of assets (separate from own assets or assets of other clients)	✓	
Accounting for share/unit placement and redemption transactions	✓	
Accounting for the value, movement, and composition of investment fund assets	✓	
Calculation of share costs upon placement and redemption	✓	
Implementing control over transactions to ensure compliance with legislation	✓	
Ensure monthly reconciliation of the value, movement, and composition of the investment fund's assets with the management company	✓	

\*The national legislation does not include provisions for a fund administrator.

# Annex 2

AIFC Framework

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1 Fund structure, authorization, restructuring and liquidation			
Requirement	Non-exempt fund	Exempt fund	
Fund manager	Domestic fund manager	Domestic fund manager	Foreign fund manager
Legal form	<ul style="list-style-type: none"><li>Investment company</li><li>Limited Partnership</li></ul>	<ul style="list-style-type: none"><li>Investment company</li><li>Limited Partnership</li></ul>	<ul style="list-style-type: none"><li>Investment company</li><li>Limited Partnership</li></ul>
Fund size (min/max)	According to the Constitution of the Fund	According to the Constitution of the Fund	According to the Constitution of the Fund
Registration of the Fund	Registration required	1. Notification* 2. Registration required in case of: <ul style="list-style-type: none"><li>&gt; 15 clients;</li><li>listing of the fund</li></ul>	Registration required
Documents for registration	<ul style="list-style-type: none"><li>Registration form</li><li>The Constitution of the Fund</li><li>Offering Materials relating to the Fund</li><li>Certification by the Fund Manager that the Constitution and Offering Materials comply with requirements of the AFSA</li><li>Other information upon the AFSA's request</li></ul>	<ul style="list-style-type: none"><li>Notification/Registration form</li><li>The Constitution of the Fund</li><li>Offering Materials relating to the Fund</li><li>Certification by the Fund Manager that the Constitution and Offering Materials comply with requirements of the AFSA</li><li>Other information upon the AFSA's request</li></ul>	<ul style="list-style-type: none"><li>Registration form</li><li>The Constitution of the Fund</li><li>Offering Materials relating to the Fund</li><li>Certification by the Fund Manager that the Constitution and Offering Materials comply with requirements of the AFSA</li><li>Other information upon the AFSA's request</li></ul>
Specific requirements	<ul style="list-style-type: none"><li>Single pricing for the purposes of redemption and re-issue or sale of Units (for open-ended Non-Exempt funds)</li><li>Eligible Custodian and Fund Administrator required (incl. REIT)**</li><li>Auditor is required (Non-exempt and REIT)</li></ul>	Eligible Custodian, Fund Administrator, Auditor are required (if REIT)	Eligible Custodian, Fund Administrator, Auditor are required (if REIT)
Reorganization and liquidation	According to Companies Regulations and Rules/LP Regulations and Rules , Insolvency Regulations	According to Companies Regulations and Rules/LP Regulations and Rules, Insolvency Regulations	According to Companies Regulations and Rules/LP Regulations and Rules, Insolvency Regulations
Voluntary reorganization and liquidation	According to Companies Regulations and Rules/LP Regulations and Rules	According to Companies Regulations and Rules/LP Regulations and Rules	According to Companies Regulations and Rules/LP Regulations and Rules
Forced reorganization and liquidation	According to Companies Regulations and Rules/LP Regulations and Rules	According to Companies Regulations and Rules/LP Regulations and Rules	According to Companies Regulations and Rules/LP Regulations and Rules
Listing & Trading	Allowed	Allowed under certain conditions***	Not allowed

• \*Despite the notion of “notification” for the Exempt Funds, it does not relieve Fund Managers planning to establish and manage Exempt Funds from complying with the relevant AIFC Act(s) • \*\*CIS Rule 8.2 (The AFSA may waive the requirement to appoint an Eligible Custodian or Administrator on a case-by-case basis) • \*\*\*AFSA NOTICE N° AFSA-C-OA-2024-0454 from 17 June 2024 ON MODIFICATION (Domestic Fund Managers of Exempt Funds) • Source: AIFC CIS Rules

2 Corporate management and responsibility		
Requirement	Non-exempt fund	Exempt fund
Decision of the first general meeting/Directors meeting	According to the Constitution of the Fund	According to the Constitution of the Fund
Participation at the general meeting/Directors meeting	According to the Constitution of the Fund	According to the Constitution of the Fund
Decisions of the General meeting/Directors meeting	According to the Constitution of the Fund	According to the Constitution of the Fund
Competence in terms of changes to the investment declaration/policy	According to the Constitution of the Fund	According to the Constitution of the Fund
Changes to investment declaration/policy, subject to AFSA compliance	Required	–
AFSA review period	–	–
Entry into force of changes to the investment declaration/policy	According to the Constitution of the Fund*	According to the Constitution of the Fund*
Unitholders responsibility	According to the Constitution of the Fund	According to the Constitution of the Fund
Unitholders rights	According to the Constitution of the Fund	According to the Constitution of the Fund
Exclusive competence of the general meeting/Directors meeting	According to the Constitution of the Fund	According to the Constitution of the Fund

\*A Fund Manager must not introduce a new category of remuneration for its services or make any increase in the current rate or amount of its remuneration in respect of a Fund unless it has given not less than 90 days' written notice of that introduction or increase and of the date of its commencement to the Unitholders of that Fund and the Unitholders approve such new category or increase by such majority as is provided for in the Fund's Constitution.

3.1 Constitution: non-exempt and exempt funds		
Content requirement	Non-exempt fund	Exempt fund
Fund name	✓	✓
Fund Manager's name and its principal place of business	✓	✓
Statement that the Fund is a Domestic Fund, the Constitution of which is governed by the laws of the AIFC	✓	✓
Legal form of the Fund and whether it is open- or closed-ended	✓	✓
A statement to the effect that: (i) the Fund Manager is responsible for all operations concerning the Fund and may from time to time delegate activities or outsource functions, but not the responsibility for conducting those activities and functions; (ii) the Fund Property is entrusted to the Fund Manager and the Fund Manager remains responsible for the property even when an Eligible Custodian holds the legal title to the Fund Property	✓	✓
Duration of the Fund	✓	✓
Fees, charges and other expenses of the Fund may be taken out of Fund Property and the basis for determination of the amount of such fees, charges and other expenses	✓	✓
The maximum and minimum sizes of the Fund's capital	✓	✓
A statement that a Unitholder is not liable: (i) for the debts of the Fund, unless the applicable legislation prescribes otherwise and, if so, those circumstances; (ii) to make any further payment after he has paid the price of his Units and that no further liability can be imposed on him in respect of the Units he holds;	✓	✓
Information on the investment objectives of the Fund (i) whether the aim of the Fund is to spread investment risks and, if a Property Fund, whether the Fund invests in a single property; (ii) the types of Investments or assets in which it and (where applicable) each SubFund may invest; (iii) if the Fund is a specialist class of Fund, the class of Fund	✓	✓
Details of any investment, borrowing or stock lending restrictions	✓	✓
The classes of Units which the Fund may issue and the rights attaching to Units of each class	✓	✓
Any restrictions on the right to redeem Units in any class, and the circumstances in which the issue of the Units of any particular class may be limited	✓	✓
Details on calculation, transfer, allocation and distribution of income for any class of Unit issued and outstanding during the accounting period	✓	✓
The provision for the payment of income, if any, and the date on which such distribution shall be made	✓	✓
Base currency of the Fund	✓	✓
Procedures for the convening of meetings and the procedures relating to resolutions, voting and the voting rights of Unitholders	✓	✓
Details of oversight arrangements	✓	✓
The grounds under which the Fund Manager may initiate a suspension of the Fund and any associated procedures. The methodology for determining the rights of Unitholders to participate in the Fund Property on winding up	✓	✓
Amendments to the Constitution	✓	✓

Source: CIS Rules, Schedule 1: Content requirements for Constitution.  
Note: This table does not cover all the requirements for Constitution as set out in CIS Rules.  
\*Although CIS Rules, Schedule 1 is applicable to Non-Exempt Funds, it serves a good purpose for any Fund as it reflects significant and material matters of the Fund's operations.  
A Fund's Constitution may be considered as an appropriately compliant (with the AIFC CIS Rules) articles of association of an investment company or a partnership agreement of a limited partnership, or a trust deed in the case of a trust (as the case may be) when establishing the Fund in the AIFC.

3.2 Offering materials: non-exempt and exempt funds			
Content Requirements	Details/Clarifications	Content Requirements	Details/Clarifications
1. Executive Summary	<ul style="list-style-type: none"><li>• Name of the Fund</li><li>• Legal form</li><li>• Type (Non-exempt or Exempt)</li><li>• Open-ended or closed-ended</li><li>• Duration</li><li>• Size</li><li>• Base currency</li><li>• Minimum subscription amount</li></ul>	9. Fund Shares/Units	<ul style="list-style-type: none"><li>• The classes of Shares/Units and the rights attaching to Shares/Units of each class</li><li>• Restrictions on the right to redeem Shares/Units,</li><li>• Circumstances when Shares/Units may not be issued,</li><li>• Details on responsible parties which will carry out calculation, transfer, allocation and distribution of income for each class of Shares/Units.</li><li>• The minimum subscription amount</li><li>• Redemption/exchange of Shares/Units in both normal and exceptional circumstances</li></ul>
2. Amendments to Offering Materials	When and how the Offering Materials may be amended		
3. Investment objective/strategy/policy of the Fund	<ul style="list-style-type: none"><li>• Type of investments/assets</li><li>• Allocation of investments</li><li>• Restrictions applicable</li><li>• Whether investments may be made in other Funds</li><li>• Whether derivatives or stock lending/short selling may be used</li><li>• Procedures for amending the investment objective/strategy/policy</li><li>• Consequences and measures of breaching investment objective/strategy/policy</li></ul>	10. Listing	Listing arrangements and procedures for issue/sale of Shares/Units
4. Valuation	<ul style="list-style-type: none"><li>• Valuation procedures for investments</li><li>• Valuation procedures and pricing methodology for Shares/Units</li></ul>	11. Client Money and Investments	Description of protection mechanisms, contractual arrangements for safekeeping and accounting methods and instruments employed
5. Risks	<ul style="list-style-type: none"><li>• Applicable risks of investing into Fund's Shares/Units</li></ul>	12. Distribution policy	<ul style="list-style-type: none"><li>• Distribution policy</li><li>• Waterfall</li><li>• Periodicity of distribution and types (dividend, re-investment, etc.)</li></ul>
6. Fees, charges and expenses	<ul style="list-style-type: none"><li>• All fees, charges and expenses and the maximum amounts thereof which are directly/indirectly borne by Shareholders/Unitholders</li></ul>	13. Communication	<ul style="list-style-type: none"><li>• Procedures, channels, reporting, forms of communication and complaints handling</li><li>• Ways of informing Shareholders/Unitholders on any material changes to the Offering Materials</li></ul>
7. Borrowing	<ul style="list-style-type: none"><li>• Circumstances of using leverage</li><li>• Types and sources of leverage</li><li>• Associated risks</li><li>• Restrictions on use of leverage</li><li>• Collateral and asset reuse arrangements</li><li>• Maximum level of leverage</li></ul>	14. Record-Keeping Policy	Types of info to be recorded and their retention periods
8. Fund Manager and Third Party Service Provider	Names and credentials of a Fund Manager, Custodian or Depositary, Fund Administrator, Auditor and any other service providers for the Fund. Their duties and rights	15. Other significant details and matters	<ul style="list-style-type: none"><li>• Annual Report of the Fund (if applicable);</li><li>• NAV and historical performance of the Fund (if applicable);</li><li>• Prime broker for the Fund and a description of any material arrangements with that prime broker</li><li>• Life of the Fund, the ability to terminate the Fund and the process;</li><li>• Details relating to a Foreign Fund (if applicable)</li><li>• Offering materials must be made available in English</li></ul>

Source: CIS Rules, Templates of offering materials for Exempt fund and Non-exempt funds.  
Note: The table provides a summary of main aspects related to Offering Materials. It does not cover other requirements as set out in the relevant AIFC Acts.

4 Issuance, cancellation, sale and redemption of shares/units			
Requirement	Non-exempt fund	Exempt fund	
Fund manager	Domestic fund manager	Domestic fund manager	Foreign fund manager
Issuance	<ul style="list-style-type: none"><li>• Initial offering period in accordance with the investment declaration</li><li>• May not be Offered prior to the effective date of registration of the fund</li></ul>	Initial offering period in accordance with the investment declaration	<ul style="list-style-type: none"><li>• Initial offering period in accordance with the investment declaration</li><li>• May not be offered prior to the effective date of registration of the fund</li></ul>
Purchase of Units	<ul style="list-style-type: none"><li>• In accordance with the Constitution of the Fund</li><li>• Non-cash consideration for the purchase of Units is not permitted in REIT that are Non-Exempt Funds.</li></ul>	<ul style="list-style-type: none"><li>• In accordance with the Constitution of the Fund</li><li>• REIT that is an Exempt Fund shall be permitted to accept non-cash consideration for the purchase of Units in the REIT.</li></ul>	In accordance with the Constitution of the Fund
Restrictions for Unitholders	Lock-up period allowed in accordance with the investment declaration of the Fund	<ul style="list-style-type: none"><li>• Only for professional clients with minimum subscription amount equal to \$50,000.</li><li>• Lock-up period allowed in accordance with the investment declaration of the Fund</li></ul>	<ul style="list-style-type: none"><li>• Only for professional clients with minimum subscription amount equal to \$50,000.</li><li>• Lock-up period allowed in accordance with the investment declaration of the Fund</li></ul>
Frequency of redemption of shares/units	In accordance with the investment declaration of the Fund	In accordance with the investment declaration of the Fund	In accordance with the investment declaration of the Fund
Buyback	In accordance with the investment declaration of the Fund	In accordance with the investment declaration of the Fund	In accordance with the investment declaration of the Fund
Subsequent offering of shares/units	In accordance with the investment declaration of the Fund	In accordance with the investment declaration of the Fund	In accordance with the investment declaration of the Fund
Temporarily suspension the issuance, cancellation, sale and redemption of Units	In a case of an open-ended Fund: in accordance with the Constitution of the Fund where due to exceptional circumstances it is in the interest of the Unitholders or by the AFSA order	In a case of an open-ended Fund: in accordance with the Constitution of the Fund where due to exceptional circumstances it is in the interest of the Unitholders or by the AFSA order	In a case of an open-ended Fund: in accordance with the Constitution of the Fund where due to exceptional circumstances it is in the interest of the Unitholders or by the AFSA order

5 Assets of the funds		
Requirement	Non-exempt fund	Exempt fund
Assets	<ul style="list-style-type: none"><li>• Financial instruments</li><li>• Other instruments in accordance with investment policy of the Fund;</li><li>• Investment in other funds</li><li>• Investment in Derivatives</li><li>• Securities lending and borrowing</li><li>• Real Property*</li></ul>	<ul style="list-style-type: none"><li>• Financial instruments</li><li>• Other instruments in accordance with investment policy of the Fund;</li><li>• Investment in other funds</li><li>• Investment in Derivatives</li><li>• Securities lending and borrowing</li><li>• Real Property</li></ul>
List of financial instruments	According to investment policy of the Fund	According to investment policy of the Fund
Restrictions on financial instruments (prohibitions)	REIT: <ul style="list-style-type: none"><li>• Investment in a property under development is allowed if full completion of construction is guaranteed by a relevant state authority or acceptable by the AFSA guarantee issued by a credible bank.</li><li>• The total contract value of the property under development must not exceed 10% of the net asset value of the Fund</li></ul>	
Investment limits	1.According to investment policy of the Fund 2. REIT: <ul style="list-style-type: none"><li>• at least 80% of its assets must be invested in income-generating real property, with the remainder invested in cash or other securities;</li><li>• at least 50% of its net income must be derived from the rental of real property</li></ul>	
Leverage or borrowing limits	<ul style="list-style-type: none"><li>• According to investment policy of the Fund</li><li>• REIT: up to a maximum of 60% of its net asset value</li></ul>	
Deadlines to align assets with the investment policy	According to investment policy of the Fund (6 months for REIT)	
Determining the value of assets	Methodology for determining value in accordance with the investment policy	
Financial statement	In accordance with IFRS or US GAAP standards	

\* Non-exempt fund and REIT must appoint an independent professional Valuer to ensure that the relevant Real Property is expertly valued



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Prudential requirements

Requirement	Fund manager of Non-exempt fund	Fund manager of Exempt fund
Minimum authorized capital	In accordance with AIFC Companies Regulations	In accordance with AIFC Companies Regulations
Minimum Capital Requirement	\$150 000	\$50 000 (Custodian appointed)  \$500 000 (Custodian not appointed)
Capital adequacy	Capital Resources of at least its Minimum Capital Requirement = Base Capital Requirement	Capital Resources of at least its Minimum Capital Requirement = Base Capital Requirement
Liquidity requirement	Liquid Assets whose value is at least equal to 25% of the firm's Annual Operating Expenditure	
Frequency of reporting	Quarterly and annual prudential returns to the AFSA using the templates prescribed for this purpose by the AFSA	
Notification in case of breaches of the prudential requirements	Not later than within 1 Business Day	
An action plan that includes early response measures to improve the financial sustainability of the organization	1.Identify any future circumstances and events with a realistic probability of occurring, which would create a risk that the Fund manager would become insolvent  2.Conduct an annual internal capital adequacy assessment to examine how Fund manager would be affected by adverse stresses and scenarios that might reasonably be expected to occur in a future period of three years  3.Cashflows that it would expect to receive and pay, in anticipation of, and as a result of, those stresses and in those scenarios  4.Management actions plan	
Review of the action plan by the AFSA	-	
Providing an action plan	Upon the AFSA request	

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Custodian and fund administrator

Requirements and contents of agreements with additional service providers	Custodian	Administrator
Mandatory requirement for the fund*	✓	✓
Separate accounting	✓	
Safekeeping of assets (separate from own assets or assets of other clients)	✓	
The Fund's property must be credited and withdrawn in accordance with the instructions of the Fund Manager	✓	
The arrangements for recording and registering the Fund's property, claiming and receiving dividends and other entitlements and interest	✓	
No delegation of the activities and functions of the Eligible Custodian without the prior written consent of the Fund Manager	✓	
A statement (incl. its frequency)to the Fund Manager, which details the Fund's Investments deposited to the account	✓	
Custodian is not entitled to combine the account with any other account or to exercise any charge, mortgage, lien, right of set-off or counterclaim against Investments in that account	✓	
The extent of liability of the Eligible Custodian in the event of default	✓	
Must not hold or control monies or assets belonging to third parties in connection with such administration except in the circumstances defined by the CIS Rules		✓
Functions and service standards that will be applied to the provision of the administration of the Fund		✓
No delegation of the activities and functions of the Administrator without the prior written consent of the Fund Manager		✓
The AML module		✓
Documents confirming transactions must be retained		✓ (6 years)

\*1) Non-exempt Fund, REIT managed by Domestic Fund Manager; 2) Exempt Fund managed by Foreign Fund Manager.



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AIFC publications

55/18 Mangilik El, C3.3,  
Astana, Kazakhstan

Website: **[www.aifc.kz](http://www.aifc.kz)**

For registration and licensing:

**[bcs@aifc.kz](mailto:bcs@aifc.kz)**

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