

The background of the entire page is a dark blue, futuristic digital interface. It features a central 3D model of a commercial jet airplane, viewed from a high angle. The airplane is rendered in a metallic, reflective blue color. The interface includes various geometric shapes, lines, and circular patterns, suggesting a high-tech or data-driven environment. The overall aesthetic is clean and modern.

AIFC guidance on Aircraft financing and leasing

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Part 1: Introduction

1.1 Application

This Guidance applies to:

- a) Aircraft Lessors and Owners, including any Special Purpose Companies (SPCs) who are considering carrying on activities in the AIFC for the purpose of owning or leasing aircraft
- b) Financial Institutions, such as banks, private equity firms, who are considering carrying out activities in the AIFC for the purpose of financing aircraft purchase or lease

1.2 Purpose

This guidance provides overview of the AIFC regime for aviation lessors and financial institutions exploring establishment within AIFC.

It provides guidance about the circumstances in which authorisation to perform the aircraft financing and leasing activities that are regulated under the FSFR is required, including applicability of any available exemptions or exclusions.

1.3 Overview

AIFC plays an increasingly important role in supporting the development and realisation of the Middle Corridor – the Trans Caspian International Transport Route – which is rapidly emerging as a key alternative trade artery between Asia and Europe. As global trade routes adjust to evolving geopolitical realities, the Middle Corridor stands out as a resilient, diversified, and forward-looking pathway that aligns closely with the long-term economic aspirations of Eurasian nations.

Situated at the very heart of Eurasia, Kazakhstan naturally serves as a vital bridge within this corridor. The AIFC strengthens this position by acting as a strategic platform for investment, governance, and innovation helping unlock the full potential of the route's infrastructure and economic promise.

The AIFC embodies the best practices of the world's leading financial centres, such as New York, London, Hong Kong, Singapore and Dubai. For the first time in the post-Soviet space, a law system based on the principles, legislation and precedents of the laws of England and Wales was introduced at the AIFC platform. To ensure a reliable legal and regulatory framework, more than 80 AIFC General Legal Framework Acts and Financial Services Framework Acts were adopted. Based on international standards and

leading practices, these acts are well known and understandable to the global investment community. Today, the AIFC platform offers extensive access to capital, a wide range of financial services and investment instruments and favourable tax, visa and labour regimes that help attract companies to the AIFC.

This Guidance is designed to provide overview of the AIFC regime for aircraft lessors, owners and financial institutions for aircraft financing and leasing. Its objective is to provide clear, practical guidance for navigating the AIFC's regulatory framework and successfully launching operations.

An important aspect for company engaged in aviation-related transactions is whether its proposed activities fall within the scope of the AIFC FSFR and require a licence.

For those entities whose business model requires authorisation, this document outlines the two primary regulatory pathways for conducting regulated aircraft leasing and financing activities:

- **Financial Leasing:** This pathway treats the finance lease as a form of Credit Facility and requires the entity to obtain an AFSA Licence for the Regulated Activity of **Providing Credit**.
- **Islamic Leasing:** This pathway accommodates Shari'ah-compliant Islamic Financial Contracts (such as *Ijarah*) and requires an AFSA Licence for the Regulated Activity of **Providing Islamic Financing**.

Finally, this guidance provides a high-level overview of the key regulatory principles, application processes, and distinct advantages of operating from the AIFC, empowering enterprise to make an informed strategic decision.

1.4 Acting Law of AIFC

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

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

1.5 AIFC Ecosystem

The structure of the AIFC is comprised of the following AIFC Bodies and AIFC Organisations.

AIFC Bodies

The AIFC Bodies are independent within their authorities. The AIFC Bodies provide the regulatory and legal framework for the centre:

- **AIFC Management Council:** The permanent collegial body chaired by the President of the Republic of Kazakhstan and is the supreme governing body of the AIFC. It is responsible for identifying strategic directions for AIFC development and fostering the development of favourable conditions to promote the AIFC as a leading international financial centre.
- **AIFC Governor:** The official of the AIFC with special administrative and managerial functions and regulatory powers for the purposes of coordinating the functioning of AIFC Bodies, including their interactions with the state bodies of the Republic of Kazakhstan, international organisations, institutions, legal entities, individuals and other entities.
- **AIFC Authority:** This body focuses on the centre's long-term development strategy, drafting acts for non-financial regulations and building international partnerships with other investment companies and financial hubs.
- **Astana Financial Services Authority (AFSA):** Acting as the independent regulator, AFSA oversees all financial and market activities. It also serves as the official registration authority for all AIFC participants.
- **AIFC Court:** A dedicated commercial dispute resolution center staffed by highly experienced common-law judges. It holds exclusive jurisdiction over commercial disputes within the AIFC.
- **International Arbitration Centre (IAC):** This provides an independent alternative to traditional litigation, operating at high international standards to resolve commercial conflicts.

AIFC Organisations

The AIFC Organisations focus on market development, innovation, and education:

- **Astana International Exchange (AIX):** Developed to create a liquid capital market for Kazakhstan and Central Asia, providing a transparent environment for both local and foreign investors.
- **Green Finance Centre (GFC):** This entity is responsible for attracting sustainable investments and providing strategic consulting to public and private sectors regarding green financing tools.
- **AIFC Tech Hub:** Tasked with building a vibrant fintech ecosystem, the Tech Hub unites tech partners and investors to establish Kazakhstan as a regional leader in innovative technology.
- **AIFC Academy:** Focuses on human capital, contributing to economic development by empowering and educating the current and future workforce of the financial sector.

Part 2: Authorisation

2.1 Applicable Disclaimers

The AIFC Acts, Regulations and Rules are subject to amendment. This guidance reflects the position as at the date of publication and may not capture subsequent changes. In the event of any inconsistency, the applicable AIFC legislation prevails.

Under the AIFC Currency Rules, an AIFC Participant may provide leasing services to legal entities of the Republic of Kazakhstan, and Islamic financing to residents of the Republic of Kazakhstan, in any currency, while loans to legal entities of the Republic of Kazakhstan may be provided in foreign currency only.

2.1 Providing Credit

2.1.1. General description

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

- | | |
|---------------------------------|---------------------|
| a) any loan or syndicated loan; | c) overdraft; |
| b) mortgage; | d) financial lease; |

- | | |
|-------------------------|---------------------------------------|
| e) letter of credit; | i) project finance; |
| f) financial guarantee; | j) asset finance; or where applicable |
| g) trade finance; | k) Commercial Captive Finance |
| h) transaction finance; | |

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

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

2.1.2 General Requirements

Requirements	Minimum threshold
Application Fee (paid once)	14 000 USD
Registration Fee (paid once)	500 USD (via portal) or 1500 USD (on paper)
Supervision Fee (annually)	9 800 USD
Minimum Capital Requirement	The Base Capital Requirement for a Credit Provider is 2 million USD
Liquid Assets Requirement	Must be maintained in accordance with AIFC Banking Business Prudential Rules.
Appointment of Internal and External Auditor	Required
Organisational structure	<ul style="list-style-type: none"> • Appointment of a Board of Directors; • Appointment of Approved and Designated individuals (CEO, Finance Officer, Compliance Officer, MLRO* and a deputy MLRO, Risk Manager, Internal Audit Manager);

Policies and Procedures (non-exhaustive list)

- Appointment of committees within the company (e.g., Risk Committee, Compliance Committee etc.);

*resident of Kazakhstan

- AML/CTF Policy
- Internal Control Policy (Guidance)
- Compliance Manual
- Compliance Monitoring Program
- Risk Management Policy
- Remuneration Policy (AIFC GEN Rules 5.3.7.)
- Outsourcing Policy (AIFC GEN Rules 5.2.)
- Business Continuity Plan/Disaster Recovery Plan (AIFC GEN Rules 5.8.4.)
- Conflict of Interest (AIFC GEN Rules 5.6.)
- Credit Risk Management Policy (AIFC Banking Business Prudential Rules 9.)
- Market Risk Management Policy (AIFC Banking Business Prudential Rules 6.1)
- Operational Risk Management Policy (AIFC Banking Business Prudential Rules 7.1)
- Interest Rate Risk Management Policy (AIFC Banking Business Prudential Rules 8.1)
- Concentration Risk Policy (AIFC Banking Business Prudential Rules 5.25)

- Large Exposure Policy (AIFC Banking Business Prudential Rules 5.26)
- Trading Book policy (AIFC Banking Business Prudential Rules 6.2)
- Liquidity Risk Management Policy (AIFC Banking Business Prudential Rules 9)
- Group Risk Management Policy (AIFC Banking Business Prudential Rules 10.2)
- Disclosure Policy (AIFC Banking Business Prudential Rules 12.2)

2.2. Providing Islamic Financing

2.2.1. General description

Providing Islamic Financing means providing financing in a Shari'ah-compliant manner by entering any Islamic Financial Contract.

The scope of Providing Islamic Financing includes lease-based contracts. *Ijarah* (an Arabic term for "lease") is the Shari'ah-compliant Financial Contract for leasing and is the principal Islamic finance alternative to a conventional finance lease and operating lease.

An entity applying for this licence must demonstrate that its products, contracts, and operations comply with Shari'ah principles. This typically involves establishing a Shari'ah Supervisory Board (SSB) to approve and oversee all transactions.

2.2.2 General Requirements

Requirements	Minimum threshold
Application Fee (paid once)	14 000 USD
Registration Fee (paid once)	Registration fee is 500 USD (paid once) if you apply via the self-service portal and 1 500 USD (paid once) if you apply on paper via registration@afsa.kz
Supervision Fee (annually)	9 800 USD
Minimum Capital Requirement	<p>The Base capital requirement for an Islamic Financing Company is 2 million USD.</p> <p>The AFSA has granted a class modification on the base capital to Islamic financing companies valid until 30 September 2029:</p> <p>“Point A” from its authorisation:</p> <ul style="list-style-type: none"> (i) in case if only own funds are used – USD 100,000; (ii) in case if not only own funds are used - USD 500,000; <p>“Point B” from 18th month of its authorisation:</p> <ul style="list-style-type: none"> (i) in case if only own funds are used – USD 500,000; (ii) in case if not only own funds are used - USD 1,000,000; <p>“Point C” from 24th month of its authorisation:</p> <ul style="list-style-type: none"> (i) in case if only own funds are used – USD 1,000,000; (ii) in case if not only own funds are used - USD 1,500,000; <p>“Point D” from 36th month of its authorisation:</p> <ul style="list-style-type: none"> (i) in case if only own funds are used – USD 2,000,000; (ii) in case if not only own funds are used - USD 2,000,000;
Liquid Assets Requirement	Liquidity Coverage Ratio must be calculated in accordance with AIFC Islamic Banking Business Rules 10.25.
Appointment of Internal and External Auditor	Required

Organisational structure	<ul style="list-style-type: none"> • Appointment of a Board of Directors; • Appointment of Approved and Designated individuals (CEO, Finance Officer, Compliance Officer, MLRO* and a deputy MLRO); • Appointment of committees within the company (Risk Committee, Investment Committee, Compliance Committee etc.) • Shari’ah Supervisory Board (at least 3 members); <p>*resident of Kazakhstan</p>
Policies and Procedures (non-exhaustive list)	<ul style="list-style-type: none"> • AML/CTF Policy • Internal Control Policy (Guidance) • Compliance Manual • Compliance Monitoring Program • Risk Management Policy • Remuneration Policy (AIFC GEN Rules 5.3.7.) • Outsourcing Policy (AIFC GEN Rules 5.2.) • Business Continuity Plan/Disaster Recovery Plan (AIFC GEN Rules 5.8.4.) • Conflict of Interest (AIFC GEN Rules 5.6.) • Internal Audit Policy (AIFC GEN Rules 5.5.) • Investment Research Policy (AIFC COB Rules 10.) • Islamic Financial Business policy and procedures (AIFC Islamic Finance Rules 4.5.) • Shari’ah Supervisory Board Policy (AIFC Islamic Finance Rules 5.2.)
Requirements for ijarah contracts	<ul style="list-style-type: none"> • The asset must exist at the time of the lease. If the asset is not yet available, the lease can only begin after the usufruct (right to use) has been acquired or the asset has been delivered according to agreed specifications.

- The asset must be under the legal and constructive possession of the Islamic financing company before it is leased to the client.
- The asset must be used only for Shariah-permissible purposes or activities.
- If the asset is leased back to its original owner, the arrangement must not result in a buy-back transaction.

2.3 Establish presence in the AIFC

Conducting aircraft financing, leasing, or related financial services in or from the AIFC requires establishing a formal presence and comply with requirements set out in Rules on the Substantial Presence of the AIFC participants applying tax exemptions for the payment of CIT, VAT and obtaining the relevant licence from the Astana Financial Services Authority (AFSA).

The authorisation process is a structured review designed to ensure that all AIFC Participants meet minimum threshold conditions for governance, financial resources, and compliance.

2.3.1 Preparation and Consultation

Before submitting a formal application, a prospective firm should:

- Contact the AIFC Client Office to get initial consultation and essential guidance on the process.
- Develop a regulatory business plan, which is the core part of the application. It must clearly set out the proposed activities, 3-year financial projections, and details on all resources (human, financial, and systems).
- Calculate the minimum regulatory capital required for the specific proposed activities (e.g., "Providing Credit" or "Providing Islamic Financing").
- Nominate the individuals who hold senior management and mandatory control functions (e.g., CEO, Finance Officer, Compliance Officer, MLRO, and others as required).
- Prepare minimum set of policies and procedures required by applicable AIFC Regulations and Rules, including compliance manual, compliance monitoring program, risk management policy, AML/CTF (Anti-Money Laundering and Counter-Terrorist Financing) policy and procedures, etc.

2.3.2 Formal Application and Review

Once the preparatory work is complete, the formal application is submitted to the AFSA and application fee is paid.

The AFSA conducts a thorough review of the application, business plan, and personnel. The Authorisations team will engage with the applicant's team to clarify any points and point out matters that require improvement in accordance with the regulatory standards. Fitness and propriety test is one of the key criteria assessed by the AFSA and includes evaluation of the applicant's Controller(s) and Beneficial Owner(s), financial and non-financial resources, competence of its key personnel and the internal control systems described in policies and procedures.

2.3.3 In-Principal Approval and Licence

Upon successful review, the AFSA will:

1. Issue an In-Principal Approval Letter, which confirms the AFSA's approval for granting a Licence subject to conditions stated in the applicant's Risk Mitigation Programme.
2. The applicant then completes the company registration, deposits the required regulatory capital into its bank account, and meets any other outstanding conditions.
3. Once all conditions are met, the AFSA issues the Licence, and the firm transitions to supervision where it can commence operations.

Part 3: Benefits for aircraft financing and leasing entities

For an international aircraft lessor or financier, the AIFC is not just a domicile, but a comprehensive ecosystem designed to mitigate risk and enhance returns. The AIFC's value proposition is built on the following key pillars.

3.1 A Common Law Jurisdiction

The AIFC's entire legal framework is built upon the principles and precedents of English common law, a foundational advantage for the aviation finance industry. This legal system was intentionally adopted because it serves as the global standard for high-value, cross-border asset financing.

For international lessors and financiers, this provides unparalleled contractual certainty. The sophisticated lease, finance, and security agreements common to the industry will be interpreted and enforced exactly as written, within a legal context that is both familiar and predictable. This eliminates the guesswork and risk often associated with operating in a new jurisdiction.

Furthermore, this structure provides crucial legal clarity and removes ambiguity. AIFC Participants are not subject to the complexities and unfamiliarity of Kazakhstan's local civil law system if relevant matters are governed by AIFC Acts. Instead, the AIFC Acts, which are based on English law, are designed to displace the general law of Kazakhstan in these specific commercial matters. This offers a secure, ring-fenced legal environment, directly mitigating the jurisdictional risk that is a primary concern for any global lessor.

3.2 Independent, World-Class Dispute Resolution

AIFC provides a trusted framework for dispute resolution, giving financiers and lessors full confidence that their rights can be enforced efficiently. This system is anchored by the AIFC Court, an independent commercial court with exclusive jurisdiction over disputes (a) between AIFC Participants, AIFC Bodies and (or) their foreign employees, (b) relating to any operation conducted in the AIFC and governed by AIFC Law, (c) referred to the AIFC Court upon agreement of parties, led by highly experienced, English-speaking judges from the common-law world. As a parallel body, the International Arbitration Centre (IAC) provides a confidential, independent, and flexible alternative to litigation. The IAC operates at the highest international standards, and its awards are crucially enforceable internationally in over 170 countries under the New York Convention.

3.3 A Favourable Tax regime

The AIFC offers a clear and highly competitive tax environment. AIFC Participants providing regulated financial services (such as "Providing Credit" or "Providing Islamic Financing") are exempt from several key taxes until January 1, 2066.

- 0% CIT on income derived from the provision of financial services, including aircraft financing and financial and Islamic leasing activities.

- Exemptions on capital gains from the sale of shares in AIFC companies and on dividends paid by AIFC companies.

- 0% VAT on the provision of these financial services.

- A 0% PIT rate for foreign employees of AIFC Participants.

These benefits are designed to be compliant with international standards and require firms to maintain a "substantial presence" in the AIFC.

3.4 Mature Financial Ecosystem

Gaining presence in the AIFC means more than just establishing a new legal entity; it signifies entry into a complete, mature financial ecosystem. You are not entering the market alone. Instead, you gain immediate access to a comprehensive suite of support structures designed for success.

For capital raising, the Astana International Exchange (AIX) provides a deep and liquid market. For specialized, forward-thinking finance, the Green Finance Centre (GFC) offers vital expertise in sustainable models, such as ESG-linked leases, while the AIFC Tech Hub supports the integration of cutting-edge financial technology.

This entire ecosystem is underpinned by robust, centralized support. The AIFC Authority serves as a strategic partner to help formulate development, while the Astana Financial Services Authority (AFSA) acts as a single, independent regulator, streamlining all compliance and registration into one efficient and predictable process.

3.5 Double Taxation Treaty of Kazakhstan

Kazakhstan offers a highly concentrated Double Taxation Treaty (DTA) network within Central Asia and the CIS, providing a distinct structural advantage for regional asset financing. By significantly reducing or eliminating standard non-resident withholding taxes on interest and royalties among neighboring states, Kazakhstan functions as a highly efficient jurisdiction for localized capital deployment. It may be beneficial for lessors to utilize this regional density to minimize tax leakage when structuring cross-border equipment and aircraft leasing directly into the Central Asian market.

In comparison, Ireland remains the recognized global benchmark for aviation finance, driven by an extensive worldwide DTA network and specialized legislation such as the Section 110 SPV regime. While Ireland is exceptionally efficient for global securitization and pooling international capital, its direct treaty penetration into the deeper Central Asian market is less comprehensive than Kazakhstan's. Consequently, Ireland often serves best as a primary global capital originator rather than a direct, localized distributor for the CIS region.

Similarly, Singapore operates as a premier financial conduit for the broader Asia-Pacific region, combining a wide treaty network with a territorial tax system. While Singapore provides robust dispute resolution frameworks and adherence to

international tax standards, its primary network density favors Southeast and East Asia. Relying solely on Singapore for direct Central Asian transactions might occasionally lack the seamless tax reciprocity found within Kazakhstan's highly localized treaty agreements.

Part 4: Conclusion

The AIFC presents a clear, compelling, and strategically timed opportunity for the global aviation finance community. In an industry built on high-value, mobile assets, the cornerstones of jurisdictional certainty, contractual enforceability, and financial efficiency are paramount. The AIFC has been engineered to deliver precisely these requirements.

This Guidance has demonstrated how the AIFC's "full-service" jurisdiction directly addresses and neutralizes the traditional challenges of asset-backed financing in the region. Legal uncertainty has been replaced with the certainty of English common law the global language of aircraft finance contracts. Jurisdictional and repossession risks have been mitigated by a world-class independent Court and Arbitration Centre. Inefficient tax and currency environments, which can erode thin leasing margins, have been replaced with a tax-exempt regime until 2066 and a liberal currency framework designed for USD-denominated operations.

The AIFC is not a general financial centre retrofitted for aviation; it is a platform with the precise, regulated tools for the asset class. This document has detailed the two dedicated pathways that function as the gateway for this specialized industry:

For conventional finance leasing and aircraft loan origination, the "Providing Credit" license provides the clear, robust, and internationally recognised framework.

For Shari'ah-compliant leasing and asset-backed *Sukuk*, the "Providing Islamic Financing" license offers a complete, end-to-end solution for *Ijara* structures.

The AIFC is positioned as the premier strategic platform for accessing the high-growth markets of Central Asia. Global financial institutions, established lessors creating new leasing platforms, and Islamic financiers are leveraging the AIFC as their chosen jurisdiction.

For any entity ready to explore these opportunities, the AIFC Authority Participant Support & Business Relations team is the designated resource. They are equipped to provide specialized consultation on the specific requirements for the "Providing Credit" and "Providing Islamic Financing" licenses and to support new participants through the entire authorisation process.

It should be noted that in the event of any discrepancy between provisions in this Guidance and the AIFC Acts, the AIFC Acts shall prevail. According to Article 13(1) of the Constitutional Statute on AIFC, the AIFC Court has exclusive jurisdiction to interpret the provisions of the AIFC Acts.