

AIFC AUTHORISED MARKET INSTITUTION RULES (AMI)

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1.1.1. Definitions

(1) An Authorised Market Institution is a Centre Participant which has been licensed by the AFSA to carry on one or more Market Activities. An Authorised Market Institution can be an Authorised Investment Exchange, an Authorised Virtual Currency Trading Facility and/or an Authorised Clearing House.

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(7) An Authorised Virtual Currency Trading Facility is a Centre Participant which has been licensed by the AFSA to carry on the Market Activity of Operating a Virtual Currency Trading Facility.

2.4.4. Resources of Members

(1) An Authorised Market Institution must ensure that its Members and other participants on its facilities have sufficient and secure technology resources which are compatible with its own.

(2) The requirements in (1) do not apply to the Member of an Authorised Virtual Currency Trading Facility if the Member is a body corporate or an individual (natural person) that carries on the activity solely as principal.

2.4.7. Testing relating to Members' technology systems

(1) An Authorised Market Institution must implement standardised conformance testing procedures to ensure that the systems which its Members are using to access facilities operated by it have a minimum level of functionality that is

compatible with the Authorised Market Institution's information technology systems and will not pose any threat to fair and orderly conduct of its facilities.

- (2) An Authorised Market Institution must also require its Members, before commencing live operation of any electronic trading system, user interface or a trading algorithm, including any updates to such arrangements, to use adequate development and testing methodologies to test the viability and effectiveness of their systems, to include system resilience and security.
- (3) For the purposes of (2), an Authorised Market Institution must require its Members:
 - (a) to adopt trading algorithm tests, including tests in a simulation environment which are commensurate with the risks that such a strategy may pose to itself and to the fair and orderly functioning of the facility operated by the Authorised Market Institution; and
 - (b) not to deploy trading algorithms in a live environment except in a controlled and cautious manner.
- (4) The requirements in (1)-(3) do not apply to the Member of an Authorised Virtual Currency Trading Facility if the Member is a body corporate or an individual (natural person) that carries on the activity solely as principal.

2.5.1. Requirement to prepare Business Rules

Save where the AFSA otherwise directs, an Authorised Market Institution must establish and maintain Business Rules governing relations between itself and the participants in the market, including but not limited to:

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(d) Admission to Trading Rules, prepared in accordance with AMI 3.2 or AMI 6.3., or Admission to Clearing Rules, prepared in accordance with AMI 4.1, governing the admission of Securities or Virtual Currencies to trading, or clearing and settlement, as appropriate to its facilities;

(g) The requirements in (c) and (e) do not apply to the Authorised Virtual Currency Trading Facility.

2.6.1. Persons eligible for Membership

- (1) An Authorised Market Institution, except Authorised Virtual Currency Trading Facility, may only admit as a Member a Person who satisfies admission criteria set out in its Membership Rules and which is either:
 - (a) an Authorised Firm whose Licence permits it to carry on the Regulated Activities of Dealing in Investments; or
 - (b) a Recognised Non-AIFC Member.

- (2) An Authorised Virtual Currency Trading Facility may only admit as a Member a Person who satisfies admission criteria set out in its Membership Rules and which is:
- (a) an Authorised Firm whose Licence permits it to carry on the Regulated Activities of Dealing in Investments;
 - (b) a Recognised Non-AIFC Member; or
 - (c) a body corporate or an individual (natural person) that carries on the activity solely as principal.

2.6.4. Undertaking to comply with AFSA rules

- (1) An Authorised Market Institution may not admit a Recognised Non-AIFC Member as a Member unless it:
- (a) agrees in writing to submit unconditionally to the jurisdiction of the AFSA in relation to any matters which arise out of or which relate to its use of the facilities of the Authorised Market Institution;
 - (b) agrees in writing to submit unconditionally to the jurisdiction of the AIFC Courts in relation to any disputes, or other proceedings in the AIFC, which arise out of or relate to its use of the facilities of the Authorised Market Institution;
 - (c) agrees in writing to subject itself to the AIFC laws in relation to its use of the facilities of the Authorised Market Institution; and
 - (d) where the Recognised Non-AIFC Member is incorporated outside the Republic of Kazakhstan, appoints and maintains at all times, an agent for service of process in the Republic of Kazakhstan.
- (2) The requirements in (1) apply to the Member of an Authorised Virtual Currency Trading Facility if the Member is a body corporate or an individual (natural person) that carries on the activity solely as principal.

2.7.1. Direct Electronic Access

Direct Electronic Access means any arrangement, such as the use of the Member's trading code, through which a Member or the clients of that Member are able to transmit electronically orders relating to Securities or Virtual Currency directly to the facility provided by the Authorised Market Institution and includes arrangements which involve the use by a Person of the infrastructure of the Authorised Virtual Currency Trading Facility or the Member or participant or client or any connecting system provided by the Authorised Virtual Currency Trading Facility or Member or participant or client, to transmit the orders and arrangements where such an infrastructure is not used by a Person.

2.7.2. Direct electronic access – general conditions

An Authorised Market Institution may only permit a Member [specified in AMI 2.6.1\(1\)\(a\) and \(b\)](#) to provide its clients Direct Electronic Access to the Authorised Market Institution's facilities where the clients meet the suitability criteria established by the Member in order to meet the requirements in AMI 2.7.3.

2.7.3. Direct electronic access – criteria, standards and arrangements

(1) An Authorised Market Institution which permits its Members to have direct electronic access to its trading facilities or permits its Members to allow their clients to have Direct Electronic Access to its trading facilities must:

(a) ensure that a Member [allowing its clients to have direct electronic access to the trading facilities of an Authorised Market Institution](#) ~~is only permitted to provide direct electronic access to the venue if the Member~~ is an Authorised Person;

2.7.4. Direct electronic access rules

An Authorised Market Institution operating a trading venue which permits Direct Electronic Access through its systems must set out and publish the rules and conditions pursuant to which its Members [specified in AMI 2.6.1\(1\)\(a\) and \(b\)](#) may provide Direct Electronic Access to their clients. Those rules and conditions must at least cover the specific requirements set out below:

2.9.2. Custody and investment risk

(1) An Authorised Market Institution must have effective means to address risks relating to:

(a) custody of its own assets, in accordance with (2), if it is an Authorised Clearing House; or

(b) investments, in accordance with (3), if it is an Authorised Investment Exchange; or

(c) Virtual Currencies, if it is an Authorised Virtual Currency Trading Facility.

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6. RULES APPLICABLE TO AUTHORISED VIRTUAL CURRENCY TRADING FACILITY

6.1. Main requirements relating to trading on the facility

- (1) An Authorised Virtual Currency Trading Facility must, at the time a Licence is granted and at all times thereafter, have:
 - (a) transparent and non-discriminatory rules and procedures to ensure fair and orderly trading of Virtual Currencies on its facility;
 - (b) objective criteria governing access to its facility;
 - (c) objective and transparent criteria for determining the Investments that can be traded on its facility; and
 - (d) adequate technology resources.
- (2) An Authorised Virtual Currency Trading Facility must maintain effective arrangements to verify that its members comply with requirements set out in COB, AML.
- (3) An Authorised Virtual Currency Trading Facility must not introduce a liquidity incentive scheme unless it has obtained the prior approval of the AFSA.
- (4) For the purposes of (1), an Authorised Virtual Currency Trading Facility must make available to the public, without any charges data relating to the quality of execution of transactions on the Authorised Virtual Currency Trading Facility on at least an annual basis. Reports must include details about price, costs, speed and likelihood of execution for individual Virtual Currencies.

6.2. Requirement to prepare Rules

- (1) An Authorised Virtual Currency Trading Facility's Rules must:
 - (a) be based on objective criteria;
 - (b) be non-discriminatory;
 - (c) be clear and fair;
 - (d) be made publicly available free of charge;
 - (e) contain provisions for the resolution of Members' and other participants' disputes;
 - (f) contain provisions for penalties or sanctions which may be imposed by the Authorised Virtual Currency Trading Facility for a breach of the Rules; and
 - (g) contain provisions for an appeal process from the decisions of the Authorised Virtual Currency Trading Facility.
- (2) An Authorised Virtual Currency Trading Facility prior approval of its Rules (Business Rules, Admission to Trading Rules, Membership Rules) and amendments to its Rules must:

- (a) make available for market consultation for no less than 30 days; and
- (b) obtain approval of the AFSA.
- (3) In urgent cases, the AFSA may, on written application by the Authorised Virtual Currency Trading Facility, dispense with the requirement in (2)(a).
- (4) Where an Authorised Virtual Currency Trading Facility has made any amendments to its Rules, it must have adequate procedures for notifying users of such amendments.
- (5) An Authorised Virtual Currency Trading Facility must have procedures in place to ensure that its Rules are monitored and enforced.

6.3. Admission of Virtual Currencies to trading

6.3.1. Admission to Trading Rules

- (1) An Authorised Virtual Currency Trading Facility must make clear and transparent rules concerning the admission of Virtual Currencies to trading on its facilities.
- (2) The rules of the Authorised Virtual Currency Trading Facility must ensure that:
 - (a) Virtual Currencies admitted to trading on an Authorised Virtual Currency Trading Facility's facilities are capable of being traded in a fair, orderly and efficient manner; and
 - (b) Virtual Currencies admitted to trading on an Authorised Virtual Currency Trading Facility's facilities are freely negotiable.

6.3.2. Application for admission of Virtual Currencies to Trading

- (1) Applications for the admission of Virtual Currencies to trading must be made to the AFSA by an Authorised Virtual Currency Trading Facility.
- (2) Applications for the admission of Virtual Currencies to trading can be made to an Authorised Virtual Currency Trading Facility by the issuer of the Virtual Currencies, by a third party on behalf of and with the consent of the issuer of the Virtual Currencies, or by members of an Authorised Virtual Currency Trading Facility.
- (3) An Authorised Virtual Currency Trading Facility must, before admitting any Virtual Currencies to trading:
 - (a) be satisfied that the applicable requirements, including those in its Admission to Trading Rules, have been or will be fully complied with in respect of those Virtual Currencies; and
 - (b) obtain approval of the AFSA in respect of those Virtual Currencies.

- (4) For the purposes of (2), an Authorised Virtual Currency Trading Facility must notify an applicant in writing of its decision in relation to the application for admission of Virtual Currencies to trading.
- (5) Subject to (2)(b), an Authorised Virtual Currency Trading Facility must provide the AFSA the following information:
 - (a) a copy of the admission application; and
 - (b) any information requested by the AFSA.

6.3.3. AFSA objection to admission of Virtual Currencies to trading

- (1) Where an Authorised Person Operating a Virtual Currency Business applies for approval of admission or grant admission of Virtual Currencies to trading, the AFSA may:
 - (a) object to the admission of Virtual Currencies to trading; or
 - (b) impose conditions or restrictions in respect of the admission of Virtual Currencies to trading, or vary or withdraw such conditions or restrictions, in the circumstances specified in (2).
- (2) The AFSA may exercise its powers under (1) where the AFSA reasonably considers that:
 - (a) granting the Virtual Currencies admission to trading of Virtual Currencies would be detrimental to the interests of Persons dealing in the relevant Virtual Currencies using the facilities of an Authorised Person Operating a Virtual Currency Business or otherwise; or
 - (b) any requirements imposed by the AFSA or in the DATF Operator's Rules as are applicable have not been or will not be complied with; or
 - (c) the Issuer of the Virtual Currencies has failed or will fail to comply with any obligations applying to it including those relating to having its Virtual Currencies admitted to trading or listed or traded in another jurisdiction.
- (3) Where the AFSA objects to the admission of Virtual Currencies to trading pursuant to (2), such Virtual Currencies must not be admitted by an Authorised Person Operating a Virtual Currency Business to its facility.
- (4) Where the AFSA imposes conditions or restrictions on the admission of Virtual Currencies to trading, such Virtual Currencies must not be admitted by an Authorised Person Operating a Virtual Currency Business to its facility unless there is compliance with those conditions and restrictions.

6.3.4. Undertaking to comply with AIFC laws

An Authorised Virtual Currency Trading Facility may not admit Virtual Currencies to trading unless the person who seeks to have Virtual Currencies admitted to trading:

- (a) gives an enforceable undertaking to the AFSA to submit unconditionally to the jurisdiction of the AIFC in relation to any matters which arise out of or which relate to its use of the facilities of the Authorised Market Institution;
- (b) agrees in writing to submit unconditionally to the jurisdiction of the AIFC Courts in relation to any disputes, or other proceedings in the AIFC, which arise out of or relate to its use of the facilities of the Authorised Market Institution; and
- (c) agrees in writing to subject itself to the AIFC laws in relation to its use of the facilities of the Authorised Market Institution.

6.3.5. Review of compliance

The Authorised Virtual Currency Trading Facility must maintain arrangements regularly to review whether the Virtual Currencies admitted to trading on its facilities comply with the Admission to Trading Rules.

6.4. Suspending or removing Virtual Currencies from trading

6.4.1. Power to suspend

- (1) The rules of an Authorised Virtual Currency Trading Facility must provide that the Authorised Virtual Currency Trading Facility have the power to suspend or remove from trading on its facilities any Virtual Currencies with immediate effect or from such date and time as may be specified where it is satisfied that there are circumstances that warrant such action or it is in the interests of the AIFC.
- (2) The AFSA may direct an Authorised Person Operating a Virtual Currency Business to suspend or remove Virtual Currencies from trading with immediate effect or from such date and time as may be specified if it is satisfied there are circumstances that warrant such action or it is in the interests of the AIFC.
- (3) The AFSA may withdraw a direction made under (2) at any time.
- (4) Virtual Currencies that are suspended from trading of Virtual Currencies remain admitted to trading for the purposes of this Chapter.
- (5) The AFSA may prescribe any additional requirements or procedures relating to the delisting or suspension of Virtual Currencies from or restoration of Virtual Currencies to trading.

6.4.2. Limitation on power to suspend or remove Virtual Currencies from trading

An Authorised Virtual Currency Trading Facility may not suspend or remove from trading on its facilities any Virtual Currency which no longer complies with its rules, where such step would be likely to cause significant damage to the interests of investors or the orderly functioning of the financial markets.

6.4.3. Publication of decision

- (1) Where the Authorised Virtual Currency Trading Facility suspends or removes any Virtual Currency from trading on its facilities, it must notify the AFSA and make that decision public.
- (2) Where the Authorised Virtual Currency Trading Facility lifts a suspension or re-admits any Virtual Currency to trading on its facilities, it must notify the AFSA and make that decision public.
- (3) Where an Authorised Virtual Currency Trading Facility has made any decisions on admission, suspension, or removal of Virtual Currencies from trading on its facilities, it must have adequate procedures for notifying users of such decisions.

6.5. Transparency obligations

6.5.1. Trading transparency obligation

An Authorised Virtual Currency Trading Facility must make available to the public:

- (a) the current bid and offer prices of Virtual Currencies traded on its systems on a continuous basis during normal trading hours; and
- (b) the price, volume and time of the transactions executed in respect of Virtual Currencies traded on its facilities in as close to real-time as technically possible.

6.5.2. Public notice of suspended or terminated Membership

The Authorised Virtual Currency Trading Facility must issue a public notice on its website in respect of any Member that has a Licence to carry on the Market or Regulated Activities whose Membership is suspended or terminated.

6.5.3. Cooperation with office-holder

The Authorised Virtual Currency Trading Facility must cooperate, by the sharing of information and otherwise, with the AFSA, any relevant office-holder and any other authority or body having responsibility for any matter arising out of, or connected with, the default of a Member of the Virtual Currency Trading Facility.

6.6. Additional requirements on technology resources

6.6.1. Cyber-security policy

- (1) An Authorised Virtual Currency Trading Facility shall implement a written cyber security policy setting forth its policies and procedures for the protection of its electronic systems and members and counterparty data stored on those systems, which shall be reviewed and approved by the Authorised Virtual Currency Trading Facility's governing body at least annually.

- (2) The cyber security policy must, as a minimum, address the following areas:
- (a) information security;
 - (b) data governance and classification;
 - (c) access controls;
 - (d) business continuity and disaster recovery planning and resources;
 - (e) capacity and performance planning;
 - (f) systems operations and availability concerns;
 - (g) systems and network security;
 - (h) systems and application development and quality assurance;
 - (i) physical security and environmental controls;
 - (j) customer data privacy;
 - (k) vendor and third-party service provider management; and
 - (l) incident response.

6.6.2. Technology Governance

An Authorised Virtual Currency Trading Facility must, as a minimum, have in place systems and controls with respect to the procedures describing the creation, management and controls of digital wallets and private keys.

6.6.3. Trading controls

An Authorised Virtual Currency Trading Facility must be able to:

- (a) reject orders that exceed its pre-determined volume and price thresholds, or that are clearly erroneous;
- (b) temporarily halt or constrain trading on its facilities if necessary or desirable to maintain an orderly market; and
- (c) cancel, vary, or correct any order resulting from an erroneous order entry and/or the malfunctioning of the system of a Member.

6.6.4. Settlement and Clearing facilitation services

- (1) An Authorised Virtual Currency Trading Facility must ensure that satisfactory arrangements are made for securing the timely discharge (whether by performance, compromise or otherwise), Clearing and settlement of the rights and liabilities of the parties to transactions effected on the An Authorised Virtual Currency Trading Facility (being rights and liabilities in relation to those transactions).

- (2) An Authorised Virtual Currency Trading Facility acting as a Virtual Currency Depository must:
- (a) have appropriate rules, procedures, and controls, including robust accounting practices, to safeguard the rights of Virtual Currencies issuers and holders, prevent the unauthorised creation or deletion of Virtual Currencies, and conduct periodic and at least daily reconciliation of Virtual Currencies issues it maintains;
 - (b) prohibit overdrafts and debit balances in Virtual Currencies accounts;
 - (c) maintain Virtual Currencies in an immobilised or dematerialised form for their transfer by book entry;
 - (d) protect assets against custody risk through appropriate rules and procedures consistent with its legal framework;
 - (e) ensure segregation between the Virtual Currency Depository's own assets and the Virtual Currencies of its participants and segregation among the Virtual Currencies of participants; and
 - (f) identify, measure, monitor, and manage its risks from other activities that it may perform.