



Consultation Paper

AFSA-G-CE-2023-0001

Proposed Amendments to the AIFC Rules on Currency Regulation and provision of information on currency transactions in the AIFC

Unrestricted

May 31, 2023



Introduction

Why are we issuing this Consultation Paper (CP)?

1. The Astana Financial Services Authority (AFSA) has issued this Consultation Paper to seek suggestions from the market on the proposed amendments to the AIFC Rules on Currency Regulation and Provision of Information on Currency Transactions in the AIFC.

Who should read this CP?

2. The proposals in this paper will be of interest to current and potential AIFC participants, second-tier banks and other Persons who work within the AIFC or have currency transactions with AIFC participants or AIFC Bodies or/and organisations.

Terminology

3. Defined terms have the initial letter of the word capitalised, or of each word in a phrase. Definitions are set out in the Glossary Rules ([GLO](#)). Unless the context otherwise requires, where capitalisation of the initial letter is not used, the expression has its natural meaning.

What are the next steps?

4. We invite comments from interested stakeholders on the proposed framework. All comments should be in writing and sent to the address or email specified below. If sending your comments by email, please use “Consultation Paper AFSA-G-CE-2023-0001” in the subject line. You may, if relevant, identify the organisation you represent when providing your comments. The AFSA reserves the right to publish, including on its website, any comments you provide, unless you expressly request otherwise. Comments supported by reasoning and evidence will be given more weight by the AFSA.

5. The deadline for providing comments on the proposed framework is **03 July 2023**. Once we receive your comments, we shall consider if any refinements are required to this proposal.

6. AFSA prefers to receive comments by email at consultation@afsa.kz

Comments may also be posted to:
Governmental Relations Division
Astana Financial Services Authority (AFSA)
55/17 Mangilik El, building C3.2, Kazakhstan

Structure of this CP

Part I – Background;

Part II – Proposals;

Part III – Questions in this consultation paper;

Annex 1 – Proposed amendments to the AIFC Rules on Currency Regulation and Provision of Information on Currency Transactions in the AIFC.



Part I - Background

1. The Astana Financial Services Authority ("AFSA") intends to enhance the legislative framework of Astana International Financial Centre ("AIFC") governing AIFC Rules on Currency Regulation and Provision of Information on Currency Transactions in the AIFC ("the Rules").
2. The proposed amendments in this consultation paper contain the following proposals from existing AIFC participants stemming from the practical application of the Rules and further enhancements developed internally within AFSA:
 - A. Covering identified gaps;
 - B. Extension of the list of financial services that AIFC participants may provide to residents;
 - C. Extension of banking services and currency transactions;
 - D. Provision of information on currency transactions within the AIFC;
 - E. Editorial changes and clarifications.

Part II - Proposals

Gaps

Within one year of implementing the Rules, AFSA identified gaps that need to be addressed. For instance, one major concern arose regarding second-tier banks ("STBs"), as AIFC participants were unable to make payments to AFSA in foreign currency as stipulated in the AIFC Fees Rules. This issue stemmed from the absence of provisions covering AIFC Bodies as a subject of the Rules.

Another issue faced by AIFC participants was the difficulty in forming a company's share capital in foreign currency. The AIFC Companies Regulations do not impose any restrictions on forming the share capital in foreign currency. Additionally, Article 43(3)(a) of the AIFC Companies Regulations mandates that a Public Company must have an issued and allotted share capital (excluding treasury shares) of no less than USD 100,000 at any given time. However, STBs refused to allow AIFC participants to form the share capital in USD or any other foreign currency through their current banking accounts. This was due to the absence of explicit provisions in the Rules regarding such transactions. As a result, the STBs relied on the "On Currency Regulation and Currency Control" law, which prohibits such transactions between two residents.

Additionally, the Rules include a clause that allows AIFC banks to open correspondent accounts in STBs. However, the currency of these correspondent accounts is not specified, leading to uncertainty and the need for clarification.

In the current version of the Rules there is no clause that regulates currency transactions between AIFC bodies, AIFC participants and their employees. Article 5(1) of the Constitutional Statute permits AIFC Participants to denominate and fulfill their monetary



obligations in the currencies agreed upon in their contracts. Furthermore, the AIFC Employment Regulations do not impose any restrictions on the currency in which wages should be paid within the AIFC. Therefore, it was proposed to make the specific amendment to the Rules.

The section regulating the provision of information on currency transactions lacked measures specifically tailored for AIFC participants, particularly concerning the absence or late submission of zero-value reports. To address this issue and ensure compliance, a proposal was made to introduce a clause granting AFSA the authority to impose enforcement measures.

Extension of financial services that AIFC participants may provide to residents that are not AIFC participants

Banking

In the current version of the Rules, it is unclear whether AIFC Islamic banks are permitted to offer deposits to residents who are not AIFC participants in any currency. This lack of clarity creates uncertainty for both customers and AIFC Islamic banks.

Also, to extent the powers of AIFC Islamic banks it was proposed to allow them to make payments and transfers of clients' money for the services that comply with principles of Islamic financing.

In the AIFC there are business models of banks that offer potential lending opportunities for the businesses in Kazakhstan. However, to extent loan possibilities it is necessary to enable lending against collateral provided by shareholders' funds deposited in savings accounts.

The Rules allow AIFC Islamic banks to offer Islamic banking and Islamic financing services. However, the current version of the document does not specifically mention Islamic financial organizations. To enhance Islamic financial services within the AIFC, AFSA has reached an agreement with the NBK to include this service in Schedule 2 of the Rules.

In Kazakhstan, there are programs aimed at developing the agricultural sector of the economy. However, AIFC participants who offer loans to the market have limitations on providing loans only in foreign currency. This poses an inconvenience for farms that primarily generate income in the national currency. As a solution, it has been proposed to include leasing services for legal entities in Kazakhstan, such as farms, individual entrepreneurs, and other business entities engaged in the agro-industrial complex in Schedule 2 of the Rules.

Digital assets

As per the Rules of the Pilot Project concerning the interaction between AIFC crypto exchanges and STBs, crypto exchanges are authorised to offer services to residents of the Republic of Kazakhstan. Currently, there are six crypto-exchanges and seven second-tier banks participating in the Pilot Project. Furthermore, to make digital services more comprehensive AFSA proposed to include dealer, broker, custody and investment



management services with digital assets. Thus, it was proposed to include all these services to the Schedule 2 of the Rules.

Investment services

Currently, AIFC brokers do not have access to Kazakhstani securities unless they obtain a license from the ARDFM. To extend rights for AIFC participants, it has been proposed to introduce specific amendments that would grant AIFC brokers access to Kazakhstani securities without an ARDFM license.

Regarding depositary services in the Rules, there is a provision that restricts the holding of securities to those included in the official list of the AIX. However, some investors have expressed a desire to hold securities that are not listed on the AIX through a depositary governed by common law. The AIX CSD meets this requirement, enabling investors to expand their options. This development will enhance the functionality of AIX CSD.

Additionally, in order to increase the rights of fund managers of the AIFC, AFSA proposes to allow fund managers with AFSA license to provide managing investment services:

- in relation to securities of AIFC funds that are included in the list of AIX;
- access to retail investors, residents of the RK who are not AIFC participants.

Another AFSA initiative focuses on introduction of crowdfunding services to the Rules. On June 24, 2019, AFSA, with the support of the European Bank for Reconstruction and Development, developed the first-ever regulations on investment and loan crowdfunding in the region, giving impetus to the successful growth of crowdfunding activities at the AIFC. Currently, several crowdfunding platforms are registered at the AIFC. These amendments will expand the list of financial services and provide access for AIFC crowdfunding companies to operate in any currency in relation to residents of RK.

Trading platforms

Effective January 1, 2022, AFSA introduced regulations to govern the operations of Multilateral Trading Facilities (MTFs) and Organised Trading Facilities (OTFs) within the AIFC. These rules provide a comprehensive framework for overseeing the activities of MTFs and OTFs, aiming to enhance transparency and accountability in the financial markets operating within the AIFC. Thus, there is a need to add these services to the AIFC currency framework and expand the list of financial services that will be available to residents that are not AIFC participants.

Provision of information on currency transactions within the AIFC

The second part of the amendments related to the procedure on provision of information on currency transactions within the AIFC. According to paragraph 5 of article 5 of the Constitutional Statute - AIFC acts, that impose requirements on AIFC participants in relation to the provision of information about currency transactions as well as the procedure for the transfer of information between AIFC Bodies and the NBK shall be developed with the agreement of the NBK.



During the implementation, NBK and AFSA identified several issues concerning the procedure for providing information on currency transactions within the AIFC. To address these concerns, it has been proposed to make amendments to the Rules in order to rectify the existing issues and ensure a more streamlined process for reporting currency transactions.

For instance, AFSA decided to introduce for all types of reporting provided by the AIFC participants an obligation to submit zero values reports to the AFSA in the absence of transactions, the provision of information on which is provided for by these Rules, during the reporting period.

It has been proposed to include 4 amendments of a technical and clarifying nature in Annex 2, 4, 5 of the Rules. Additionally, to Annex 4 included a new section 3 regarding other transactions of capital movements. At the same time, it should be highlighted that most amendments have been developed to Annex 3. Major amendments to Annex 3 includes:

- changing the reporting form (from 8 to 14 sections)
- changing the terms of the reporting (quarterly from 10th to 15th following the reporting month)
- adding dealer and custody services to the report
- adding contact information of the reporter.

Part III – Questions in this consultation paper

Do you agree with the proposed amendments to AIFC Rules on Currency Regulation and Provision of Information on Currency Transactions in the AIFC? If not, what are your concerns, and how should they be addressed?

Disclaimer:

The proposals incorporated into this Consultation paper have been developed by AFSA, taking into account the established practices of AFSA's divisions and previous requests made by AIFC participants. It is important to note that according to paragraph 3 of article 5 of the Constitutional Statute "On the AIFC" dated December 7, 2015 (N438-V ZRK), proposed amendments to the Rules are subject to the approval of the National Bank of the Republic of Kazakhstan.



**Annex 1 to the Consultation Paper on
Amendments to the AIFC Rules on Currency Regulation
and Provision of Information on Currency Transactions in the AIFC**

PROPOSED AMENDMENTS TO THE AIFC RULES ON CURRENCY REGULATION
AND PROVISION OF INFORMATION ON CURRENCY TRANSACTIONS IN THE AIFC

In these amendments, underlining indicates a new text and strikethrough indicates a removed text

1. General Provisions

1.1.

1.2.

1.3. These Rules have been developed in furtherance of paragraphs 3, 4 and 5 of Article 5 of the Constitutional Statute of the Republic of Kazakhstan "On the Astana International Financial Centre" dated December 7, 2015 No 438-V.

1.4. The provisions of these Rules apply to:

- (a) the AIFC participants, AIFC Bodies and their organisations;
- (b) the AIFC banks;
- (c) residents and non-residents of RK carrying out the transactions with the AIFC participants, AIFC Bodies and their organisations or using bank accounts opened in the AIFC banks;
- (d) STB of RK to the extent of transactions regulated by these Rules.

Transactions that are not regulated by these Rules are carried out by STB of RK in accordance with the legislation of RK and by the AIFC banks in accordance with the Acting Law of the AIFC.

1.5.

1.6.

2. Currency Residency in the AIFC

2.1

3. Rights of the AIFC participants, the AIFC Bodies and their organisations. Transactions in the AIFC

3.1 Rights of the AIFC participants, the AIFC Bodies and their organisations

3.1.1

3.1.2

3.1.3 The AIFC banks, including Islamic banks of the AIFC, have the right to:



(a)

(b)

(c) open correspondent accounts in the STB of RK in the national and foreign currency in accordance with the procedure established by the legislation of RK and to carry out transactions using such correspondent accounts subject to the requirements set out in these Rules and (or) the legislation of RK;

(d)

(d-1) for Islamic banks of the AIFC to open savings (deposit) accounts that comply with the principles of Islamic financing in any currency for residents, including those who are the AIFC participants;

(e)

(f) open savings (deposit) accounts in foreign currency for residents to place funds on them as collateral for granted loans (within the permitted activities).

3.1.4 The AIFC banks (except for Islamic banks of the AIFC) are prohibited to:

.....

3.1.5 Islamic banks of the AIFC are prohibited to:

(a)

(b)

(c) make payments and (or) transfers of clients' money for the services ~~not related to Islamic financing~~ that do not comply with the principles of Islamic financing;

(d)

3.1.6 The AIFC participants that are investment funds or fund manager licensed by the AFSA within the regulated activities specified in section 3.5 of Schedule 2 of these Rules have right to carry out transactions with residents that are not AIFC participants in foreign currency:

a) for the acquisition and (or) sale of investment objects, within the framework of regulated activities;

b) to receive compensation for the value of lost investment objects of the fund, including compensation payments, insured events and fines in the framework of regulated activities.

3.2 Transactions of the AIFC Bodies, their organisations and the AIFC participants

3.2.1 Transactions between the AIFC participants, AIFC Bodies and their organisations are carried out in national or foreign currency, subject to the requirements stipulated by these Rules.

3.2.2 Transactions between the AIFC Bodies, their organisations or the AIFC participants (except for the AIFC banks) and non-residents are carried out in any currency at discretion of the parties in accordance with the requirements envisaged under the Acting Law of the AIFC and (or) the legislation of RK.

3.2.3 ...



3.3 Provision of financial services by the AIFC participants

3.3.1

3.3.2 The AIFC participants, except for the AIFC banks, have right to provide financial services to other AIFC participants, the AIFC Bodies, their organisations, ~~and~~ non-residents in accordance with the AFSA licence in national or foreign currency, subject to the following requirements:

- financial services to be rendered in the national currency are carried out using the bank accounts of the AIFC participants opened in STB of RK;
- financial services to be rendered in foreign currency are carried out using the bank accounts of the AIFC participants opened in the AIFC banks or STB of RK.

3.3.3

3.4 Carrying out of transactions, related to provision of professional services by the AIFC participants

3.4.1 The AIFC participants provide professional services to other AIFC participants, the AIFC Bodies and their organisations and non-residents in accordance with the list ~~approved by the AFSA,~~ determined in the Schedule 2 of the AIFC General Rules, in any currency, subject to the following requirements:

- professional services to be rendered in the national currency are carried out using the bank accounts of the AIFC participants, the AIFC Bodies and their organisations opened in STB of RK;
- professional services to be rendered in foreign currency are carried out using the bank accounts of the AIFC participants, the AIFC Bodies and their organisations, opened in the AIFC banks or STB of RK.

3.5

3.6

3.7

3.8 The AIFC participants, the AIFC Bodies and their organisations have the right to carry out operations for the formation of share capital through the STB of the RK in any currency and AIFC banks in foreign currency under the Acting Law of the AIFC.

3.9 Mandatory payments, fees, and fines to the AFSA, including for transactions related to registration, licensing and recognition in the AIFC, are made by natural and legal entities that are not the AIFC participants through the STB of RK in any currency, through AIFC banks in foreign currency.

3.10 Transactions for the transfer of wages to employees of the AIFC participants, AIFC Bodies and their organisations are made through the STB of the RK in any currency, through AIFC banks in foreign currency.

4. Payments and (or) money transfers on transactions of residents and non-residents in the AIFC

4.1 Payments and (or) money transfers on foreign exchange transactions of the AIFC participants (except for the AIFC banks) are carried out through bank accounts in the AIFC banks and (or) the STB of RK in compliance with the conditions envisaged under the Acting Law of the AIFC and the legislation of RK.

4.2 The AIFC bank transfers money of the AIFC participants from their accounts in the AIFC bank to their accounts in the STB of RK, as well as from their accounts in STB of RK to their accounts in AIFC bank in foreign currency.

4.3 Payments and (or) money transfers for client transactions are made in accordance with the following



conditions:

- (a)
- (b)
- (c)
- (d)

(e) This paragraph does not apply to payments and money transfers made between non-residents not registered in RK and (or) not operating in the territory of RK.

4.4

5 Exchange transactions in the AIFC

5. Purchase and (or) sale of foreign currency can be carried out only through the AIFC banks or STB of RK, subject to the following requirements:

- (a)
- (b)

(c) purchase or sale of non-cash foreign currency for other non-cash foreign currency is carried out through the AIFC banks or STB of RK, or foreign banks;

(d) ...

(e) to ensure their own activities, the AIFC Bodies have the right to purchase non-cash foreign currency in the amount of not more than \$300,000 in one bank in one business day, without limiting the time limit for the reverse exchange of foreign currency into national currency.

6. Provision of information on currency transactions in the AIFC for the purposes of currency regulation

6.1 The list and procedure for providing information on ~~carried out transactions carried out on the territory of the AIFC and on transactions of the AIFC participants carried out outside the AIFC~~ as well as financial requirements to non-residents and obligations to them is established in accordance with Schedule 5 to these Rules.

7. Exchange of information between the AIFC and NBRK bodies

....

8. Confidentiality

....

9. Responsibility for Rules violation

9.1

9.2 In case of non-submission or late submission by the AIFC participants of the reporting provided by these Rules, the AFSA shall apply measures to them in accordance with the Acting Law of the AIFC.



Schedule 1

TERMS AND DEFINITIONS

- 1)
- 2)
- 3) AIFC bank – the AIFC participant licensed by the AFSA to provide the following services, subject to the requirements established by these Rules:
 - a) accepting deposits, granting the loans, ~~making payments~~ providing money services, opening and maintaining bank accounts;
 - b) Islamic banking and Islamic financing (~~except for non-banking Islamic organisations~~);
- 4)
- 5)
- 6)
- 7)
- 8)
- 9)
- 10)
- 11)
- 12)
- 13) Credit provider – the AIFC participant, licensed by the AFSA to provide services for granting the loans, subject to the requirements established by these Rules;
- 14) AIFC Islamic bank is the AIFC participant that has a license from the AFSA to provide banking services, accept deposits and (or) open and maintain bank accounts in accordance with the principles of Islamic financing in the territory of the AIFC;
- 15) Islamic financial organisation is the AIFC participant, licensed by the AFSA to provide financial services that comply with the principles of Islamic financing.

LIST OF FINANCIAL SERVICES PROVIDED BY THE AIFC PARTICIPANTS TO THE RESIDENTS THAT ARE NOT THE AIFC PARTICIPANTS

No.	Name of the service	Currency
1	Banking, credit and payment services	
1.1	<u>Islamic banking and Islamic financing carried out by Islamic banks and Islamic financing carried out by Islamic banks and Islamic financial organisations</u>	Any currency
1.2	....	...
1.3	....	...
1.4	....	...
1.5	<u>leasing services for legal entities of RK, including business entities (farms, individual entrepreneurs and other business entities engaged in the agro-industrial complex and road transport infrastructure)</u>	Any currency
1.6	<u>opening and maintaining bank accounts (current, deposit) of clients for placing funds on them as collateral for loans granted (within the permitted activities)</u>	Foreign currency
1.7	<u>exchange transactions using the national currency for the purpose of carrying out permitted activities</u>	Foreign currency
2	Insurance	
....	
3	Investment services	
3.1	Investment banking services	
3.1.1	....	....
3.1.2	....	....
3.2	....
3.2.1	....	....
3.3	Brokerage services (conclusion of transactions in the interests of the client)	
3.3.1	....
3.3.2	<u>Brokerage services at the AIFC Exchange as related to Kazakhstani securities provided that the AIFC participant has relevant ARDFM licence and (or) direct access to settlements in the Central Securities Depository JSC</u> <u>Brokerage services as related to Kazakhstani securities when concluding transactions by AIFC participants on stock exchanges operating in the territory of the Republic of Kazakhstan and (or) direct access to settlements in JSC "Central Securities Depository" and (or) direct access to settlements of the AIFC Central Securities Depository</u>	....
3.4	Providing custody services (nominal holding, accounting and safeguarding of securities)	
3.4.1	....	....
3.4.2	....	....
3.4.3	Settlement depository or custody services of the AIFC Central Securities Depository: <u>in respect to all securities included in the official list of the AIFC Exchange</u> <u>- as related to Kazakhstani securities included in the official list of the AIFC Exchange;</u> <u>- as related to foreign securities and securities of the AIFC without restrictions</u>	Any currency
3.5	Managing Investment (including investment funds)	
3.5.1	- in relation to clients (investors) - citizens and legal entities of the	Any currency

	Republic of Kazakhstan investing in securities of the funds incorporated in the AIFC that are included in the official list of the <u>AIFC Exchange</u> and managed by management companies licensed by ARDFM AFSA - in relation to clients (investors) - citizens and legal entities of the Republic of Kazakhstan investing in securities of the funds incorporated in the AIFC that are not included in the official list of the AIFC Exchange and managed by management companies licensed by ARDFM	
3.5.2	....	.....
3.6	Trust services	
3.6.1	....	.....
3.7	<u>Crowdfunding</u>	
3.7.1	<u>Operating a loan crowdfunding platform</u>	<u>Any currency</u>
3.7.2	<u>Operating an investment crowdfunding platform</u>	<u>Any currency</u>
4	<u>Digital assets*</u>	
4.1	<u>Operating a digital assets platform (crypto exchange)</u>	<u>Any currency</u>
4.2	<u>Dealer services with digital assets</u>	<u>Any currency</u>
4.3	<u>Brokerage services with digital assets</u>	<u>Any currency</u>
4.4	<u>Custody services with digital assets</u>	<u>Any currency</u>
4.5	<u>Investment management of digital assets</u>	<u>Any currency</u>
*Note: Residents of the Republic of Kazakhstan classified as retail clients under the AIFC acts are subject to a monthly fiat deposit limit equivalent to USD 1 000 (one thousand). This limit does not apply to residents of the Republic of Kazakhstan who were classified as professional clients under the AIFC acts.		
5	<u>Operating of trading, financing facilities and platforms</u>	
5.1	<u>Operating a multilateral trading facility</u>	<u>Any currency</u>
5.2	<u>Operating an organised trading facility</u>	<u>Any currency</u>

Schedule 4

**LIST OF TRANSACTIONS THAT THE AIFC BANKS ARE ENTITLED TO CARRY OUT THROUGH
THEIR CORRESPONDENT ACCOUNTS IN NATIONAL CURRENCY IN STB OF RK**

No.	Type of transaction
1
2	Execution of clients ' instructions on payment of taxes and obligatory payments to the budget, <u>wages, lease of premises</u> as well as execution by the AIFC bank of collection orders (tax authorities and bailiffs) brought forward to the client's current bank account
3
4
5
6

THE PROCEDURE FOR PROVIDING INFORMATION ON CURRENCY TRANSACTIONS IN THE AIFC

1. GENERAL PROVISIONS

1.1.

1.2.

1.3.

1.4.

1.5.

1.6.

1.7.

1.8.

1.9 For all types of reporting provided by the AIFC participants, including AIFC banks, and STBs of RK to the AFSA, in the absence of transactions, the provision of information on which is provided for by these Rules, during the reporting period, it is necessary to submit zero values reports to the AFSA. This paragraph does not apply to Annex 4 of Schedule 5 of these Rules.

2. TERMS AND DEFINITIONS

....

3. THE PROCEDURE FOR PROVIDING INFORMATION ON CURRENCY TRANSACTIONS BY THE AIFC BANKS AND STB OF RK

3.1.

3.2.

3.3. The AFSA, no later than the 18th (eighteenth) day of the month following the reporting month, provides information to the NBRK in the form of Annex 1 to this Schedule and no later than the 15th (fifteenth) day of the month following the reporting month, provides information to the NBRK in the form of Annex 2 to this Schedule electronically via secure communication channels ~~with confirmation by electronic digital signature.~~

4. THE PROCEDURE FOR PROVIDING INFORMATION BY THE AIFC PARTICIPANTS PROVIDING DEPOSITORY AND BROKERAGE SERVICES

4.1. The AIFC participants providing dealer, depository, custodian and brokerage services in accordance with the AFSA's licence (hereinafter referred to as participants), quarterly no later than the ~~10th (tenth)~~ 15 (fifteenth) day of the month following the reporting month, submit reports on securities to the AFSA in accordance with Annex 3 to this Schedule (in MS Excel format).

The AFSA submits the participants' reports to the NBRK no later than the 20th (twentieth) day of the month following the reporting quarter.

4.2. The report is submitted on the AIFC participants' own transactions and transactions of their clients, AIFC participants providing dealer and/or brokerage; custodial services in accordance with the Committee's license shall not provide data on transactions conducted on behalf of the following clients - which are other participants of the AIFC;

- Joint Stock Company Development Bank of Kazakhstan;

- professional participants of the securities market of the Republic of Kazakhstan, having an appropriate license of the Agency of the Republic of Kazakhstan on Regulation and Development of Financial Market.:

(a) with securities issued by residents and owned by a non-resident;

(b) with securities issued by non-residents and owned by a resident;

(c) with securities issued by residents abroad and owned by a resident.

4.3. The report reflects data on transactions carried out during the reporting period ~~(on its own behalf and on behalf of clients)~~ with all securities issued in the Republic of Kazakhstan and abroad.

1) with securities issued by residents in the Republic of Kazakhstan and owned by a non-resident client of an AIFC participant (transaction code - 1111);

2) with securities issued by non-residents and owned by an AIFC participant and a client-resident of an AIFC participant (transaction code - 2200);

3) with securities issued by residents abroad and belonging to the AIFC participant and client-resident of the AIFC participant (operation code 2120);

4) with securities issued by residents abroad and belonging to the client-nonresident of the AIFC participant (transaction code - 2121).

The report Data are also provided data on the number of securities, their value at the beginning and end of the reporting period, and, if available, investment income from the ownership of securities and service fees, including in the absence of transactions in the reporting period.

Transactions of securities repurchased (direct and reverse repurchase agreements) are not reflected in Annex 3 to this Schedule. Data at the beginning and end of the reporting period on the security involved ~~in the repurchase agreements~~ in repo transactions are reflected by the original owner of the security.

4.4. The data is presented separately for each type of security by ~~customer/owner sectors~~ final beneficiary:

A) country code - three-digit numerical code of account owner's country - beneficiary in accordance with national classifier of the Republic of Kazakhstan "Codes for representation of names of countries and their administrative-territorial subdivisions";

B) sector code of account owner-beneficiary:

«1» central government;

«2» regional and local governments;

«3» central (national) banks;

«4» other depository organisations;

«5» other financial organisations;

«6» state non-financial organisations;

«7» non-state non-financial organisations;

«8» non-profit organisations serving households;

«9» households.

An AIFC participant providing custody services specifies the country and sector code for its AIFC depository customer in an aggregated manner.

4.5. ~~Positions on securities at the beginning of the reporting period are equal to their positions at the end of the previous period. The position on securities at the end of the reporting period is determined based on the market price announced on the organised securities market at the end of the reporting period.~~ Financial transactions include transactions between a resident and a non-resident involving a change of economic ownership of securities and are recorded at the value specified in the transaction (if not, the price quoted in the market on the date of the agreement): purchase (sale) on the primary and secondary securities markets, crediting/writing of securities by mutual agreement; receipt (transfer) of securities as a gift, by inheritance.

4.6. In the case of securities for which transactions are concluded in an unorganised market, the following prices are applied in order of preference to assess the position on securities at the end of the reporting period:

~~(a) the last transaction price of the security;~~

~~(b) the price of the security at the purchase price, excluding acquisition-related expenses (brokerage fees, banking services fees);~~

~~(c) nominal value of the security.~~

Other transactions include:

1) Transactions between a resident and a non-resident which do not result in the transfer of ownership of securities (transfer of securities into nominal holding, transfer of clients from one nominee holder or registrar to another nominee holder or registrar);

2) Transactions between residents and non-residents with transfer of ownership, except those classified as financial transactions: alienation of securities by court decision;

3) Transactions between non-residents with transfer of ownership (purchase at the secondary market, sale at the secondary market);

4) Transactions between residents with transfer of ownership (purchase on the secondary market, sale on the secondary market).

4.7. ~~Financial transactions include transactions between a resident and a non-resident involving a change in the economic ownership of securities, and are reflected at the value specified in the transaction (in case of absence – at the price quoted on the market on the date of the agreement): purchase (sale) on the primary and secondary securities markets, receipt (transfer) of securities as a gift, by inheritance. Value changes in column 20 include changes resulting from exchange rate fluctuations (exchange rate differences in the case of securities denominated in currencies other than United States dollars (hereinafter the "US dollars")) as well as the market value of the security.~~

In order to correctly reflect changes in value, the statistical form must first be completed in the currency of denomination, and only then are flows and stocks translated at the appropriate exchange rates to the US dollar. After completing all columns other than value changes in the accounting currency, column 20 is determined by the residual method:

column 20 = column 22 - column 7 - column 9 + column 11 - column 13 + column 15 - column 17 + column 19 for each line.

4.8. ~~Other transactions include:~~

~~1) transactions between a resident and a non-resident that do not result in the transfer of ownership of securities (transfer of securities to a nominal holding, transfer of clients from one nominal holder or registrar to another nominal holder or registrar);~~

~~2) transactions between a resident and a non-resident with the transfer of ownership rights, except for those related to financial transactions: alienation of securities by court decision;~~

~~3) transactions between non-residents with the transfer of ownership rights (purchase on secondary market, sale on secondary market);~~

~~4) transactions between residents with the transfer of ownership rights (purchase on secondary market, sale on secondary market).~~

Only data on debt securities are reflected in column 23:

1) accrual of announced fees for days of holding a security by the respondent or his/her client during the reporting period;

2) amortization of premium or discount for the days of holding a security by the respondent or his client during the reporting period.

4.9. ~~Financial transactions and other indicators denominated in other foreign currencies are calculated in USD at the cross-rate determined as follows:~~

~~1) ——— the cost at the beginning of the period is transferred at the cross-rate at the end of the previous period;~~

~~2) ——— the cost at the end of the period – at the cross-rate at the end of the reporting period;~~

~~3) ——— financial and other transactions, investment income and commissions – at the cross-rate at the date of the transaction or at the weighted average cross-rate for the reporting period.~~

Column 24 are reflected data on income received in the reporting period:

1) dividends received by the respondent or his/her client during the reporting period;

2) remuneration received by the respondent or his/her client during the reporting period upon repayment of accrued interest on debt securities by the issuer.

The income referred to in this paragraph are reflected in the amount including any fees or taxes withheld therefrom.

4.10. Column 25 are reflected the fee income for brokerage, advisory, information and other services paid by a non-resident client to the respondent.

For the Depository of AIFC, it is allowed to show fees and commissions in aggregate for each non-resident client of the Depository. In this case, the fee is recorded for the security (at the highest amount at the end of the period) owned by the non-resident customer.

4.11. Purchases and sales of securities on the secondary market are reflected in columns 13 and 15 at the current market value, or the value corresponding to the price indicated by the buyer or seller customer.

4.12. The securities positions at the beginning of the reporting period in columns 6 and 7 are reflected equal to their positions at the end of the previous period. The securities position at the end of the reporting period in column 22 are reflected determined on the basis of the market price announced on the organised securities market at the end of the reporting period.

4.13. In the case of securities for which transactions are executed on the unorganised market, the following prices shall be applied in order of preference to assess the position of securities at the end of the reporting period:

(a) the price of the security on the last transaction;

(b) price of the security at purchase value, excluding acquisition related costs (brokerage fees, bank fees);

(c) the nominal value of the security.

4.14. Financial transactions and other items denominated in other foreign currencies are translated into US dollars at cross rates determined as follows:

1) the value at the beginning of the period is translated at the cross rate at the end of the preceding period;

2) the value at the end of the period - at the cross rate at the end of the reporting period;

3) financial and other operations, investment income and commissions - at cross-exchange rate as of the date of operation or at the average weighted cross-exchange rate for the reporting period.

5. THE PROCEDURE FOR PROVIDING INFORMATION ON CURRENCY TRANSACTIONS OF CAPITAL MOVEMENTS BY THE AIFC PARTICIPANTS

5.1. ...

5.2. ...

5.3. ...

Annex 1 to Schedule 5

Report on executed currency transactions

(structure of payment information in the bank's report)

<u>Name of AIFC Bank/ STB of RK</u>			
<u>Address</u>			
<u>BIN</u>			
<u>Name of Implementing Officer of the AIFC Bank/ STB of RK</u>			
<u>Period</u>	<u>Number of month</u>		<u>Year</u>
<u>Phone</u>			
<u>E-mail</u>			
<u>Type of activity</u>			

Name of AIFC Bank / STB of RK
(identification code) _____

1. Details of the currency contract			2. Sender of money under payment document				
1.1	1.2	1.3	2.1	2.2	2.3	2.4	2.5
Number of currency contract	Date of currency contract	Account number of currency contract	Name or surname, first name, patronymic (if any)	BIN/ IIN	Country code	Residency indicator	Economic sector code
...							
...							
..							

3. Beneficiary of payment document				
3.1	3.2	3.3	3.4	3.5
Name or surname, first name, patronymic (if any)	BIN/ IIN	Country code	Residency indicator	Economic sector code
...				
...				
..				

4. Information about currency transaction								
4.1	4.2	4.3	4.4	4.5	4.6	4.7	4.8	4.9
Date	Currency transaction reference	Currency transaction code	Payment purpose code (PPC)	Amount in thousands of currency units	Payment currency code	Payment indicator	Indicator of an intra-corporate money transfer	Indicator of transaction related to the withdrawal of money
...								
...								
...								

5. Information about counterparty's organisation (bank) for a currency transaction			6. Sender of money under a currency contract				
5.1	5.2	5.3	6.1	6.2	6.3	6.4	6.5
Identification code of the organisation (bank) (BIC)	Name	Country code	Name or surname, first name, patronymic (if any)	BIN/ IIN	Country code	Residency indicator	Economic sector code
...							
...							
..							

7. The recipient of money under currency contract					8. Note
7.1	7.2	7.3	7.4	7.5	

Name or surname, first name, patronymic (if any)	BIN/ IIN	Country code	Residency indicator	Economic sector code	
...					
...					
...					

Annex 2 to Schedule 5

Report on the monetary movement on clients' bank accounts in foreign currency as of _____

<u>Name of AIFC Bank/ STB of RK</u>			
<u>Address</u>			
<u>BIN</u>			
<u>Name of Implementing Officer of the AIFC Bank/ STB of RK</u>			
<u>Period</u>	<u>Number of month</u>		<u>Year</u>
<u>Phone</u>			
<u>E-mail</u>			
<u>Type of activity</u>			

Name of the AIFC Bank / STB of RK _____

1. Aggregated information on the balance of funds on customers' bank accounts in foreign currency at the reporting date (in thousands of currency units).

Indicator name \ Bank account currency	Amount in USD in equivalent	Including by type of currency:			
		USD	EUR	CNY	...
Balance at the beginning of the period, total					
<i>including:</i>					
<i>Residents - individuals</i>					
<i>Non-residents - individuals</i>					
<i>Residents - legal entities</i>					
<i>Non-residents - legal entities</i>					
Receipt to clients' bank accounts in foreign currency, total					
<i>including from:</i>					
Residents - individuals					
Non-residents - individuals					
Residents - legal entities					
<i>including transactions:</i>					
Sale of goods and intangible assets					
Provision of services					
Receipt of the principal amount of debt and income on loans issued					
Raising loan funds from resident banks					
Transactions with securities, promissory notes and contributions ensuring participation in the capital					

Other money transfers					
Non-residents - legal entities					
<i>including transactions:</i>					
Sale of goods and intangible assets					
Provision of services					
Receipt of the principal amount of debt and income on loans issued					
Raising loan funds from resident banks					
Transactions with securities, promissory notes and contributions ensuring participation in the capital					
Other money transfers					
Transfers of money from their bank accounts by residents – individuals. total					
<i>including opened in:</i>					
Resident banks					
Non-resident banks					
Transfers of money from non-resident individuals from their bank accounts, total					
<i>including opened in:</i>					
Resident banks					
Non-resident banks					
Transfers of money from their bank accounts by residents – legal entities, total					
<i>including opened in:</i>					
Resident banks					
Non-resident banks					
Transfers of money from non-resident legal entities from their bank accounts, total					
<i>including opened in:</i>					
Resident banks					
Non-resident banks					
Purchase of foreign currency, total					
<i>including:</i>					
<i>Residents - individuals</i>					
<i>Non-residents - individuals</i>					
<i>Residents - legal entities</i>					
<i>Non-residents - legal entities</i>					
Crediting foreign currency in cash to their bank accounts, total					
<i>including:</i>					
<i>Residents - individuals</i>					
<i>Non-residents - individuals</i>					
<i>Residents - legal entities</i>					
<i>Non-residents - legal entities</i>					
Withdrawal of money from clients' bank accounts in foreign currency, total					
<i>including in favor of:</i>					

Residents - individuals					
Non-residents - individuals					
Residents - legal entities					
<i>including transactions:</i>					
Purchase of goods and intangible assets					
Receiving services					
Grant of a loan					
Fulfillment of obligations on loans attracted from resident banks					
Transactions with securities, promissory notes and contributions ensuring participation in the capital					
Other money transfers					
Non-residents - legal entities					
<i>including transactions:</i>					
Purchase of goods and intangible assets					
Receiving services					
Grant of a loan					
Fulfillment of obligations on loans attracted from resident banks					
Transactions with securities, promissory notes and contributions ensuring participation in the capital					
Other money transfers					
Transfers of money from residents - individuals to their bank accounts, total					
<i>of them opened in:</i>					
Resident banks					
Non-resident banks					
Transfers of money from non-resident individuals to their bank accounts, total					
<i>of them opened in:</i>					
Resident banks					
Non-resident banks					
Transfers of money from residents - legal entities to their bank accounts, total					
<i>of them opened in:</i>					
Resident banks					
Non-resident banks					
Transfers of money from non-resident legal entities to their bank accounts, total					
<i>of them opened in:</i>					
Resident banks					
Non-resident banks					
Sale of foreign currency, total					
<i>including:</i>					
<i>Residents - individuals</i>					
<i>Non-residents - individuals</i>					
<i>Residents - legal entities</i>					
<i>Non-residents - legal entities</i>					

Withdrawal of foreign currency cash from their bank accounts, total					
<i>including:</i>					
<i>Residents - individuals</i>					
<i>Non-residents - individuals</i>					
<i>Residents - legal entities</i>					
<i>Non-residents - legal entities</i>					
Balance at the end of the period, total					
<i>including:</i>					
<i>Residents - individuals</i>					
<i>Non-residents - individuals</i>					
<i>Residents - legal entities</i>					
<i>Non-residents - legal entities</i>					

2. List of resident individuals and resident legal entities that opened bank accounts in foreign currency

Subparagraph No	IIN / BIN	Resident status in the AIFC	Account type	Account currency	Account opening date

Annex 3 to Schedule 5

Report on transactions of resident clients with securities of foreign issuers, with securities issued by residents in accordance with the legislation of other states and on their territory, and on transactions of non-resident clients with securities issued by residents of the Republic of Kazakhstan for ___ quarter of 20__

AIFC participant ___BIN/Name

<u>Name of AIFC participant</u>					
<u>Address</u>					
<u>BIN</u>					
<u>Name of Implementing Officer of the AIFC participant</u>					
<u>Period</u>	<u>Number of month</u>		<u>Year</u>		
<u>Phone</u>					
<u>E-mail</u>					
<u>Type of activity</u>					

	Information about account transactions	
4	ISIN	
4.1	Name of the asset/financial instrument	
4.2	Name of the issuer	
4.3	Country of registration of the issuer ⁴	
2	Account balances _____ at the beginning of the period: -quantity -amount (thousand USD)	
3	Financial transactions	

⁴For international organisations, specify "International Organisation"

3.1	Increase as a result of purchase in the primary market: –quantity –amount (thousand USD)	
3.2	Repayments: –quantity –amount (thousand USD)	
3.3	Increase as a result of purchase on the secondary market: –quantity –amount (thousand USD)	
3.4	Decrease as a result of sale on the secondary market: –quantity –amount (thousand USD)	
4	Other transactions	
4.1	Depositing –quantity –amount (thousand USD)	
4.2	Write-offs –quantity –amount (thousand USD)	
5	Account balances _____ at the end of the period: –quantity –amount (thousand USD)	
6	Investment income accrued during the reporting period ²	
7	Investment income received during the reporting period ³	
8	Commission received ⁴	

N	Operation Code	ISIN	Account holder type code		At the beginning of the reporting period	
			Country code	Economy sector code	Quantity, pcs	Securities value
1	2	3	4	5	6	7

<u>Financial operations</u>			
<u>primary market purchase</u>	<u>redemption/redemption by the issuer</u>	<u>secondary market purchase</u>	<u>secondary market sale</u>

²-accrual of the declared remuneration for the days of ownership by the participant or his client of the security in the reporting period; depreciation of the premium or discount for the days of ownership by the participant or his client of the security in the reporting period

³-dividends received by the respondent or his client in the reporting period; remuneration received by the respondent or his client in the reporting period when the issuer repays accrued interest on debt securities

⁴-data on commission income for brokerage services, advisory, information, registration and other services paid by a non-resident client to a participant

<u>Quantity, pcs</u>	<u>Securities value</u>	<u>Quantity, pcs</u>	<u>Securities value</u>	<u>Quantity, pcs</u>	<u>Securities value</u>	<u>Quantity, pcs</u>	<u>Securities value</u>
<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>15</u>

<u>Other operations</u>				<u>Cost changes</u>	<u>At the end of the reporting period</u>	
<u>on the crediting of securities</u>		<u>on writing off securities</u>			<u>Quantity, pcs</u>	<u>Securities value</u>
<u>Quantity, pcs</u>	<u>Securities value</u>	<u>Quantity, pcs</u>	<u>Securities value</u>			
<u>16</u>	<u>17</u>	<u>18</u>	<u>19</u>	<u>20</u>	<u>21</u>	<u>22</u>

<u>Investment income</u>		<u>Commissions received</u>	<u>Name of asset/financial instrument</u>	<u>Name of issuer</u>	<u>Currency of issue</u>
<u>Accrued during the reporting period</u>	<u>Received during the reporting period</u>				
<u>23</u>	<u>24</u>	<u>25</u>	<u>26</u>	<u>27</u>	<u>28</u>

Transaction code - 1111. Securities issued by residents in the Republic of Kazakhstan and owned by a non-resident customer of an AIFC participant;

Transaction code - 2200. Securities issued by non-residents and owned by an AIFC participant and a client-resident of an AIFC participant;

Transaction code - 2120. Securities issued by residents abroad and owned by the AIFC participant and the client-resident of the AIFC participant;

Transaction code - 2121. Securities issued by residents abroad and held by a client which is a non-resident of an AIFC participant.

Information on contracts on the basis of and pursuant to which currency transactions of capital movements are carried out

The information is provided under currency contracts, on the basis of and pursuant to which currency transactions of capital movements are carried out, for an amount equal to or exceeding the equivalent of USD 500,000. The equivalent in USD is calculated at the market exchange rate (cross-rate) on the effective date of the contract.

The information is provided according to the following structure:

Name of the AIFC participant _____ **BIN** _____

<u>Name of AIFC participant</u>			
<u>Address</u>			
<u>BIN</u>			
<u>Name of Implementing Officer of the AIFC participant</u>			
<u>Period</u>	<u>Number of month</u>		<u>Year</u>
<u>Phone</u>			
<u>E-mail</u>			
<u>Type of activity</u>			

1. Information on financial loans attracted by AIFC participant from a non-resident (issued by AIFC participants to a non-resident)

Subparagraph No	Indicator name	Information about the financial loan 1	Information about the financial loan 2
A	B	1	2
1	Contract identification data (name, number, date)		
2	Aim and purpose of financing under the contract (if specified in the contract)		
3	Effective date of the contract		
4	Resident status under the contract (lender/borrower/agent)		
5	Non-resident(s)-participant(s) of the contract (name)		
5.1	Non-resident status under the contract (lender/borrower/agent)		
5.2	Relation to the resident party to the contract (affiliation)		
5.3	Country of registration of a non-resident (code) <u>Name/country code of the non-resident's registration country;</u>		
6	Currency of a contract		
7	Contract amount (in thousands of units of the contract currency)		
8	Contract duration (up to a year/over a year) <u>Date of repayment of the loan under the contract.</u>		
9	The interest rate (in the case of a		

	fixed interest rate, % per annum is indicated, in the case of a floating interest rate, the basis of its calculation and the margin size are indicated)		
10	Debt repayment schedule (thousands of units of the contract currency)		
11	Note		

2. Information about participation of a non-resident in the capital of AIFC participant (AIFC participant in the capital of a non-resident), as well as on transactions involving the acquisition from a non-resident (sale to a non-resident) by an AIFC participant of shares, participatory interests in the capital of a third party"

Subparagraph No	Indicator name	Information about capital participation 1	Information about capital participation 2
A	B	1	2
1	Contract identification data (name, number, date)		
2	Type of participation in the capital (acquisition of equity, units, shares, participatory inputs, etc.)		
3	Share of participation based on the results of the transaction, as a percentage		
4	Effective date of the contract		
5	Resident status under the contract (investor/investment object/buyer/seller)		
6	Investor (name or full name)		
6.1	Residency indicator		
6.2	BIN for residents		
6.3	Country of legal registration for non-residents		
7	Investment object (name)		
7.1	Residency indicator		
7.2	BIN for residents		
7.3	Country of legal registration for non-residents		
8	Seller (name or full name)		
8.1	Residency indicator		
8.2	BIN for residents		
8.3	Country of legal registration for non-residents		
9	Buyer (name or full name)		
9.1	Residency indicator		
9.2	BIN for residents		
9.3	Country of legal registration for non-residents		
10	Currency of a contract		
11	Contract amount (in thousands of units of the contract currency)		
12	Note		

3. Information on other capital transactions of an AIFC participant

N	Indicator name	Contract information 1	Contract information 2
A	B	1	2
1	Type of transaction (ownership of real estate, exclusive right to intellectual property, joint venture, gratuitous transfer of money and other currency values)		
2	Identification of the contract (name, number, date)		
3	Non-resident(s)-contracting parties (name or surname)		
4	Non-resident's country of registration (code)		
5	Currency of the contract		
6	Contract amount (in thousands of units of the contract currency)		
7	Brief description of the operation		
8	Note		

Explanation of completion:**1. non-resident to resident ratio is selected from the list:**

1) direct ownership by non-resident of 10 (ten) per cent or more of voting shares, votes of resident participants;

2) indirect ownership by non-resident of 10 (ten) percent or more of voting shares, votes of resident participants;

3) direct ownership by a resident of 10 (ten) per cent or more of voting shares, votes of non-resident participants;

4) indirect ownership by a resident of 10 (ten) per cent or more of voting shares, votes of non-resident participants;

5) resident and non-resident do not have any control or influence over each other but are controlled or influenced by the same investor owning directly or indirectly at least 10 (ten) per cent of voting shares, votes of participants of a resident;

6) cases not specified in subparagraphs 1), 2), 3), 4) and 5) of this paragraph.

2. Debt repayment schedule (in thousand units of the loan currency):

Quarter, year	Repayment of principal	Payment of remuneration
Total		

Annex 5 to Schedule 5

List of AIFC participants which opened deposit accounts in STB

<u>Name of STB of RK</u>				
<u>Address</u>				
<u>BIN</u>				
<u>Name of Implementing Officer of the STB of RK</u>				
<u>Period</u>	<u>Number of month</u>		<u>Year</u>	
<u>Phone</u>				
<u>E-mail</u>				
<u>Type of activity</u>				

<u>№</u>	<u>IIN/ BIN</u>	<u>Status of the AIFC participant</u>	<u>Account type</u>	<u>Currency of an account</u>	<u>Date of opening an account</u>