



AMENDMENTS № 16.1 AIFC GLOSSARY

Approval Date: 10 September 2023

Commencement Date: 1 January 2023

Astana, Kazakhstan

In this document, underlining indicates a new text and strikethrough indicates a removed text.

AIFC Glossary

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GLOSSARY. 1. Application. (t) AIFC Rules on Regulation of Digital Asset Activities (DAA).
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<u>Algorithmic stablecoin</u>	<u>A Digital Asset which uses, or purports to use, an algorithm to increase or decrease the supply of Digital Assets in order to stabilise its price or reduce volatility in its price</u>
Authorised Private Digital Asset Trading Facility Operator	A Centre Participant which has been licensed by the AFSA to carry on the <u>Regulated Market</u> Activity of Operating a Digital Asset Trading Facility.
<u>Central Bank Digital Currency</u>	<u>A digital currency issued by any government, government agency, central bank, or another monetary authority</u>
<u>Client Account</u>	<u>In relation to Client Investments or Client Digital Assets is an account which:</u> <u>(a) is held with a Third Party Agent or by an Authorised Firm which is authorised under its Licence to Provide Custody;</u> <u>(b) is established to hold Client Assets;</u> <u>(c) when held by a Third Party Agent, is maintained in the name of:</u> <u>(i) if a Domestic Firm, the Authorised Firm; or</u> <u>(ii) if not a Domestic Firm, a Nominee Company controlled by the Authorised Firm; and</u> <u>(d) includes the words 'Client Account' in its title.</u>
<u>Commodity stablecoin</u>	<u>A Digital Asset whose value purports to be determined by reference to a commodity (e.g., gold, oil).</u>
<u>Digital Asset Business</u>	<u>Any one or more of the following Regulated Activities in relation to Digital Assets:</u> <u>Dealing in Investments as Principal;</u> <u>Dealing in Investments as Agent;</u> <u>Managing Investments;</u> <u>Managing a Collective Investment Scheme;</u> <u>Providing Custody;</u> <u>Arranging Custody;</u> <u>Advising on Investments;</u> <u>Arranging Deals in Investments;</u> <u>Providing Money Services; and</u> <u>Operating a Digital Asset Trading Facility.</u> <u>A Person wishing to carry on or more of the above Regulated Activities in relation to Digital Assets, cannot carry on the Regulated Activities in relation to other types of Investments.</u>
<u>Digital Asset Derivative</u>	<u>A Derivative the value of which is determined by reference to: a Digital Asset; or an index that includes a Digital Asset.</u>
<u>DASP</u>	<u>Digital Asset Service Provider</u>
<u>Digital Asset Service Provider</u>	<u>A Centre Participant which has been licensed by the AFSA to carry on one or more of the following Regulated Activities in relation to Digital Assets:</u> <u>Operating a Digital Asset Trading Facility;</u> <u>Dealing in Investments as Principal;</u> <u>Dealing in Investments as Agent;</u> <u>Managing Investments;</u> <u>Providing Custody;</u> <u>Arranging Custody;</u>

	<p><u>Advising on Investments;</u> <u>Arranging Deals in Investments; and</u> <u>Providing Money Services.</u></p> <p>A Person wishing to carry on one or more of the above Regulated Activities in relation to Digital Assets, cannot carry on the Regulated Activities in relation to other types of Investments.</p>
<u>DATE</u>	<u>Digital Asset Trading Facility</u>
<u>Digital Asset Trading Facility</u>	<u>A facility on which Digital Assets, rights or interests in Digital Assets are traded.</u>
<u>Digital Asset Trading Facility Operator</u>	<u>A Centre Participant which is licensed by the AFSA to carry on the Regulated Activity of Operating a Digital Asset Trading Facility.</u>
Digital Asset (or Private Electronic Currency or Private E-money)	<p>A digital representation of value that (1) can be digitally traded and functions as (a) a medium of exchange; or (b) a unit of account; or (c) a store of value; (2) can be exchanged back-and-forth for Fiat Currency, but is neither issued nor guaranteed by the government of any jurisdiction, and (3) fulfils the above functions only by agreement within the community of users of the Digital Asset; and accordingly (4) is to be distinguished from Fiat Currency and E-money.</p> <p><u>An Excluded Digital Asset is excluded from the scope of the DAA.</u></p>
<u>Digital wallet Service Provider</u>	<u>An Authorised Firm Providing Custody of Security Tokens or Digital Assets by holding and controlling the public and private cryptographic keys relating to the Security Tokens or Digital Assets.</u>
Direct Electronic Access	<p>Direct Electronic Access means:</p> <p>(a) an arrangement (called direct market access), through which a Member or a client of a member is able to electronically transmit, using the Member's trading code, an order relating to a <u>Digital Asset, Security, Unit in a Listed Fund or Qualified Investment</u> directly to the facility operated by the Authorised Market Institution, <u>Digital Asset Trading Facility Operator</u> or MTF or OTF Operator. It includes arrangements for the use, by a Person, of the infrastructure (or connecting system) of the Member, client of the Member or another participant; or</p> <p>(b) an arrangement (called sponsored access) through which a Member or a client of a member is able to electronically transmit, using the Member's trading code, an order to the facility operated by the Authorised Market Institution or MTF or OTF Operator without using the infrastructure (or connecting system) of the Member or another participant or client.</p>
<u>Distributed Ledger Technology</u>	<p><u>A class of technologies that support the recording of encrypted data where the data:</u></p> <p><u>(a) is held on a distributed ledger;</u> <u>(b) is electronically accessible, from multiple locations, by a network of participants; and</u> <u>(c) can be updated by those participants, based on agreed consensus, protocol or procedures.</u></p>
<u>DLT</u>	<u>Distributed Ledger Technology</u>
<u>Domestic Firm</u>	<u>An Authorised Person or Ancillary Service Provider which:</u> <u>(a) has its registered and head office in the AIFC; or</u>

	<u>(b) if it is a subsidiary of an Undertaking whose principal place of business and head office is in a jurisdiction other than the AIFC, has its registered office in the AIFC.</u>
<u>Execute or Execution</u>	The exercise of a Client order that results in a binding transaction.
<u>Fiat stablecoin</u>	<u>A Digital Asset whose value purports to be determined by reference to a Fiat Currency.</u>
<u>Investment Business</u>	The business of: (a) Dealing in Investments as Principal; (b) Dealing in Investments as Agent; (c) Managing Investments; (d) Managing a Collective Investment Scheme; (e) Providing Custody; (f) Arranging Custody; (g) Acting as the Trustee of a Fund; (h) Advising on Investments; (i) Arranging Deals in Investments; (j) Managing a Restricted Profit Sharing Investment Account; or (k) Operating an Exchange; <u>but not including Digital Asset Business.</u>
<u>List of Digital Assets admitted to trading</u>	<u>A list of Digital Assets which could be traded in the AIFC and do not require the AFSA's approval.</u>
<u>Member</u>	A Person who is entitled, under an arrangement between him and an Authorised Market Institution, a Digital Asset Trading Facility Operator, a MTF Operator or an OTF Operator, to use that institution's or operator's facilities
<u>Non-Fungible Token</u>	<u>An Investment which:</u> <u>(a) is unique and not fungible with any other Non-Fungible Token;</u> <u>(b) related to an identified asset; and</u> <u>(c) is used to prove the ownership or provenance of the asset.</u>
<u>Operating a Digital Asset Trading Facility</u>	The Regulated Market Activity defined in paragraph 303 of Schedule 14 of the AIFC General Rules.
<u>Privacy Device</u>	<u>Any technology, Digital wallet or another mechanism or device (excluding a VPN), which has any feature or features used, or intended to be used, to hide, anonymise, obscure or prevent the tracing of any of the following information:</u> <u>(a) a Digital Asset transaction; or</u> <u>(b) the identity of the holder of a Digital Asset; or</u> <u>(c) the cryptographic key associated with a Person; or</u> <u>(d) the identity of parties to a Digital Asset transaction; or</u> <u>(e) the value of a Digital Asset transaction; or</u> <u>(f) the beneficial owner of a Digital Asset.</u>
<u>Privacy Token</u>	<u>A Digital Asset where the Digital Asset or the DLT or another similar technology used for the Digital Asset, has any feature or features that are used, or intended to be used, to hide, anonymise, obscure or prevent the tracing of any of the following information:</u> <u>(a) a Digital Asset transaction; or</u> <u>(b) the identity of the holder of a Digital Asset; or</u> <u>(c) the cryptographic key associated with a Person; or</u> <u>(d) the identity of parties to a Digital Asset transaction; or</u> <u>(e) the value of a Digital Asset transaction; or</u> <u>(f) the beneficial owner of a Digital Asset.</u>
<u>Self-hosted Digital Wallet</u>	<u>A software or hardware that enables a person to store and transfer Digital Assets on his own behalf, and in relation to</u>

	<u>which the public and private cryptographic keys are controlled or held by that Person.</u>
<u>Third Party Agent</u>	<u>In relation to a Client Account, means an Authorised Firm or Regulated Financial Institution (including a bank, custodian, an intermediate broker, a settlement agent, a clearing house, an exchange and 'over the counter' counterparty) that is a separate legal entity from the Authorised Firm that is required under COB to establish the Client Account.</u>
<u>Third Party Digital wallet Service Provider</u>	<u>(1) A Digital wallet Service Provider other than a Digital Asset Trading Facility Operator Providing Custody of Digital Assets traded on its facility; or (2) A Person in another jurisdiction Providing Custody of Digital Assets by holding and controlling the public and private cryptographic keys relating to the Digital Assets, which is authorised and appropriately supervised for that activity by a Financial Services Regulator.</u>
<u>Travel Rule</u>	<u>Has the meaning given to it in FATF's <i>Updated Guidance for a Risk-Based Approach for Virtual Assets and Virtual Asset Service Providers</i> [October 2021], as may be amended from time to time</u>
<u>Utility Token</u>	<u>A Digital Asset: (a) which can be used by the holder only to pay for, receive a discount on, or access a product or service (whether current or proposed); and (b) the product or service referred to in (a) is provided by the issuer of the Digital Asset or of another entity in the issuer's Group.</u>