

AIFC APPROVES RULES ON CURRENCY REGULATION IN AIFC

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On November 10, 2021 National Bank of the Republic of Kazakhstan (the “NBRK”), the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan (the “ARDFM”) and the Astana International Financial Centre (the “AIFC”) signed AIFC Rules on Currency Regulations and Provision of Information on Currency Transactions in the AIFC (the “Rules”). The Rules entered into force on December 1, 2021.

Rules define

- conditions and procedure for currency transactions related to the provision of financial and professional services by AIFC participants;
- conditions and procedure for currency transactions related to the provision of other services provided on the territory of AIFC;
- list of the financial and professional services provided by AIFC participants to residents of the Republic of Kazakhstan that are not AIFC participants.

Rules apply to

- AIFC participants;
- AIFC banks;
- residents and non-residents of RK carrying out transactions with AIFC participants or using bank accounts opened in AIFC banks;
- second-tier banks of RK (the “STB”) to the extent of transactions regulated by the Rules.

CURRENCY RESIDENCY IN THE AIFC

Residents

- AIFC participants;
- legal and natural entities as well as branches (and representative offices) of foreign entities recognized as residents under the Law of the Republic of Kazakhstan "On Currency Regulation and Currency Control"

Non-residents

- legal and natural entities recognised as non-residents under the Law of the Republic of Kazakhstan "On Currency Regulation and Currency Control"

BANK ACCOUNTS

AIFC participants (except for the AIFC banks), AIFC Bodies and their organisations have the right to:

- open bank accounts in foreign banks in any currency and make payments and money transfers using such accounts;
- open bank accounts in AIFC banks (except Islamic banks) in foreign currency only and make payments and money transfers using such accounts;
- open bank accounts in STB or in Islamic banks of the AIFC in any currency and make payments and money transfers using such accounts.

CURRENCY OF TRANSACTIONS

Type of transaction	Currency	Subject to regulation
Between AIFC participants	National or foreign currency	Rules
AIFC participants (except AIFC banks) and non-residents	Any currency at the discretion of the parties	Acting Law of the AIFC and (or) the legislation of the Republic of Kazakhstan
AIFC participants and residents that are not the AIFC participants	National or foreign currency	Acting Law of the AIFC and (or) the legislation of the Republic of Kazakhstan

LIST OF THE FINANCIAL AND PROFESSIONAL SERVICES PROVIDED BY AIFC PARTICIPANTS TO RESIDENTS OF THE REPUBLIC OF KAZAKHSTAN THAT ARE NOT AIFC PARTICIPANTS

Financial Services

Banking and payment services

- Islamic banking and Islamic financing carried out by Islamic banks
- loans to legal entities of the Republic of Kazakhstan (in foreign currency only)
- opening and maintaining current bank accounts for clients (for lending and investment banking services) in foreign currency only
- receiving and making payments and (or) money transfers using current bank account (within the permitted types of services) in foreign currency only

Insurance services

- Direct voluntary insurance
- Reinsurance activities
- Reinsurance broker activities
- Additional types of insurance
- New types of specific risk insurance such as climate, catastrophe-related, cyber, terrorism-related, political

Investment services

- Investment banking services
- Dealer activity
- Brokerage services
- Custody services
- Managing investment (including investment funds)
- Trust services

Related Services

- Arranging Custody
- Advising on Investments
- Arranging Deals in Investments
- Advising on a Credit Facility
- Arranging a Credit Facility
- Services of Providing Investment Fund Establishment and Administration
- Acting as Trustee of a fund
- Managing a restricted profit sharing investment account based on Islamic financial contract

Professional Services

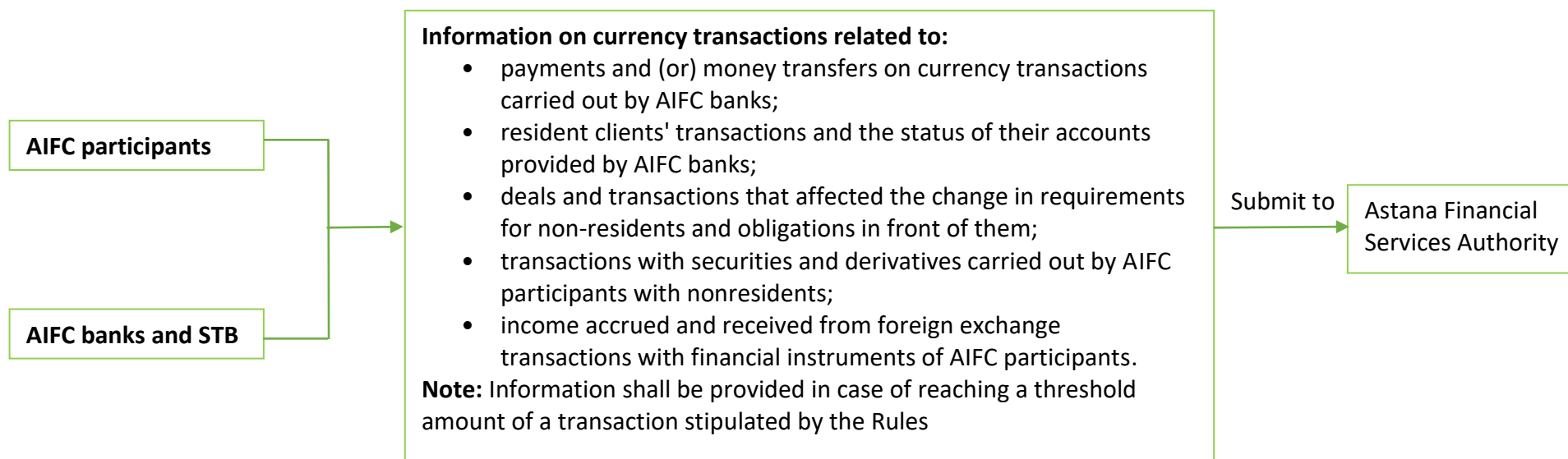
- Legal services
- Audit services
- Accounting services

EXCHANGE TRANSACTIONS IN THE AIFC

A purchase and (or) sale of foreign currency can be carried out only through AIFC banks or STB, subject to:

- the purchase or sale of non-cash foreign currency is carried out on the basis of a request indicating the purpose of the purchase or sale;
- the purchase or sale of non-cash foreign currency for the national currency is carried out solely through STB;
- the purchase or sale of non-cash foreign currency for other non-cash foreign currency is carried out through AIFC banks or STB;
- purchase or sale of foreign currency in cash is carried out through STB or through legal entities carrying out the transactions solely through exchange offices on the basis of a NBRK license for exchange transactions with foreign currency in cash, in accordance with the procedure established by the legislation of RK.

PROVISION OF INFORMATION ON CURRENCY TRANSACTIONS IN THE AIFC



EXPECTED IMPACT OF THE RULES

- Kazakh legal entities will have access to new types of insurance, for instance, residents of Kazakhstan will be able to be insured against terrorism risks, catastrophic risks, climatic, political, cyber risks, etc.;
- Kazakh legal entities will be able to get a banking loan from AIFC banks;
- Islamic banks and Islamic insurance organizations of the AIFC receive access to the financial market of Kazakhstan. The parties reached an agreement that at this stage Islamic finance services will be carried out by Islamic banks;
- Kazakh legal entities will have the opportunity to receive investment banking, brokerage, custodial and trust services from the AIFC participants, as well as the opportunity to take part in investment management (including investment funds);
- More investment will be channelled into economy and there will be more financial services at the disposal of natural and legal entities;
- Financial stability of Kazakhstan will be maintained.

