

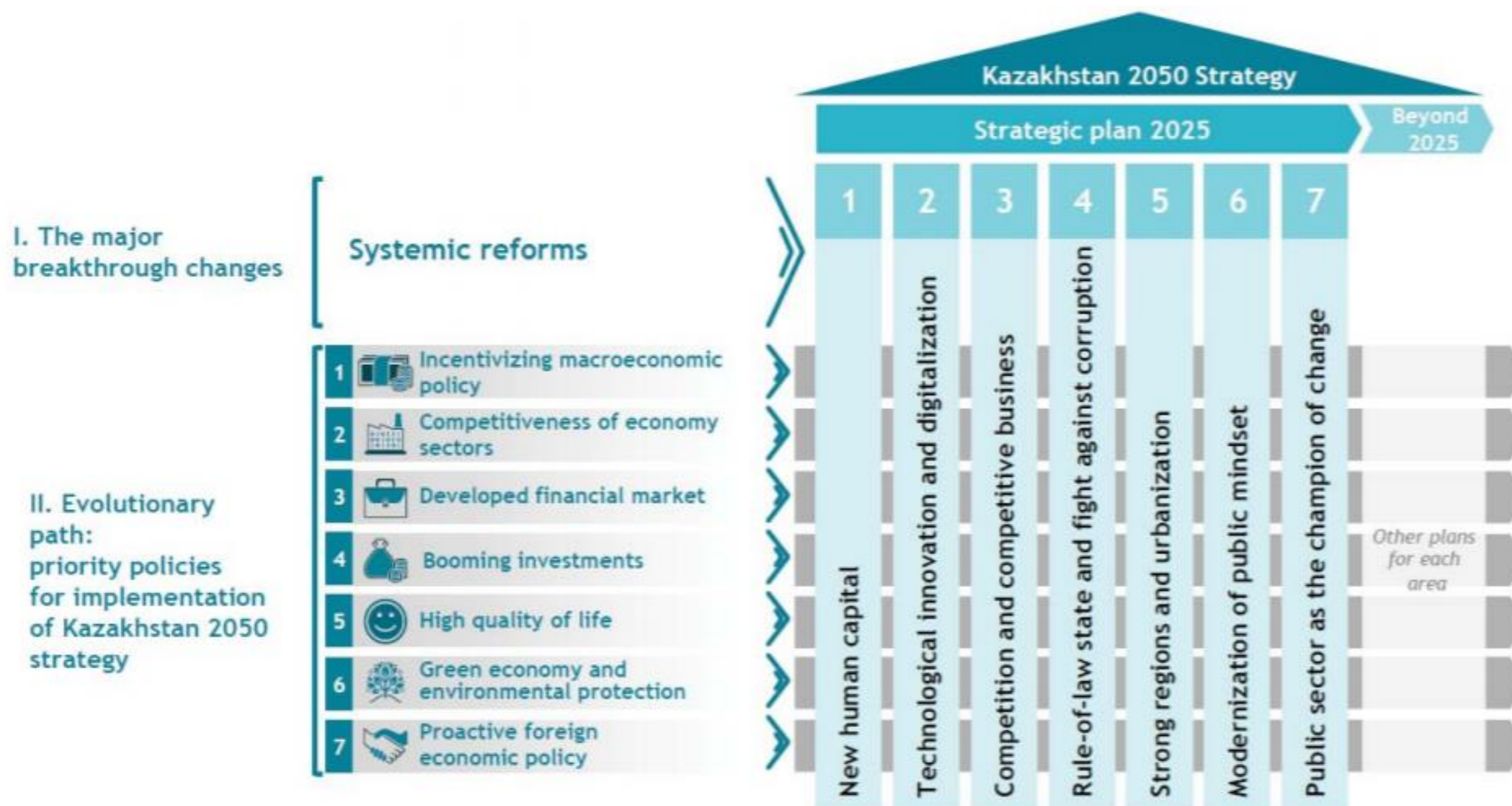
# ASTANA INTERNATIONAL FINANCIAL CENTER (AIFC)

## ASTANA FINANCIAL SERVICES AUTHORITY (AFSA)

*The AIFC's **mission** is to contribute to the sustainable economic development of Kazakhstan and the region, by fostering innovation financial solutions and services by establishing an environment that delivers fair and transparent financial and capital markets, in which individuals and institutions act with integrity.*

*The **vision** of the AIFC is to become the leading international financial centre in Central Asia, the Caucasus, the Eurasia Economic Union, Western China, Mongolia, and Eastern Europe. Our vision is therefore to become a full service centre with advanced settlement and payment systems, have deep and liquid markets, and where legal and regulatory frameworks are adequate to safeguard the integrity of principal-agent relationships and supervisory functions.*

- Strategy 2025's core systemic reforms support the seven evolutionary paths of the Kazakhstan 2050 Strategy
- Implementation of the government's structural reform agenda is a key priority to ensure long-term growth



Source: Kazakhstan Strategic Development Plan 2025.

- Key focus of the National Bank of Kazakhstan currently is to ensure the price stability and the banking sector rehabilitation
- Unresolved poor asset quality remains a critical issue in the banking sector
- Banking system consolidation and recapitalisation is taking place (large merger of the two largest banks Halyk & KKB)
- Bank insolvency and associated risk-aversion continued to act as a drag on credit growth.

(Independent note)

<b>Top 15 commercial banks by assets /1</b>	<b>Share of system assets</b>	<b>Share of system lending</b>	<b>Share of problem loans /2</b>	<b>Share of NPLs past 90 days</b>
Halyk Bank of Kazakhstan and Kazkommertsbank /3	34.9	32.0	9.6	8.3
Tsesnabank	9.0	13.2	39.4	6.2
Sberbank of Russia	7.4	8.6	10.9	4.3
ForteBank	6.6	4.4	15.8	6.6
Kaspi Bank	6.4	7.6	14.2	7.4
Bank CenterCredit	6.0	7.7	19.1	7.9
ATFBank	5.5	6.2	25.3	7.1
Eurasian Bank	4.2	4.7	24.3	11.5
Citibank Kazakhstan	2.7	0.7	n.a.	8.9
Bank RBK	2.3	1.7	46.3	n.a.
Nurbank	1.8	1.7	15.9	17.4
Altyn Bank	1.8	1.0	1.4	6.0
Alfa-bank	1.8	1.5	13.4	0.4
Bank of Astana	1.5	1.4	31.4	6.8
Qazaq Banki /4	1.5	1.4	22.3	6.6
				4.4



## HUB

Central Asia

Eurasian Economic Union

China: Belt and Road Initiative

## HUB

Investment

Savings for private wealth

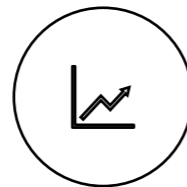
Fintech

## CORE PILLARS OF THE AIFC DEVELOPMENT

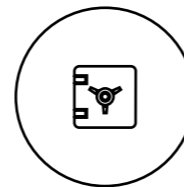
The main objectives of the AIFC are to develop the non-banking financial sector of Kazakhstan and provide favourable environment for investments. Positioning Astana as a main financial centre in the region shall be achieved through the development of the following five core pillars:



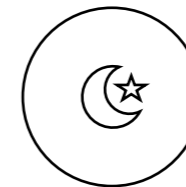
CAPITAL MARKETS



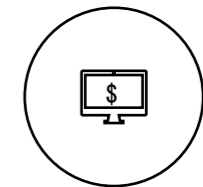
ASSET MANAGEMENT



PRIVATE BANKING



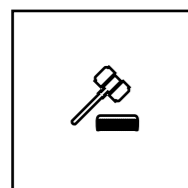
ISLAMIC FINANCE



FINANCIAL TECHNOLOGY

## FUNDAMENTAL SUCCESS COMPONENTS

The following key priorities shall serve as the essential building blocks for a successful creation of favourable environment and a strong base for AIFC to become the main financial hub in the region:



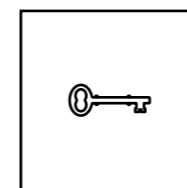
RELIABLE  
LEGAL SYSTEM



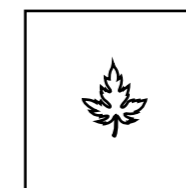
INDEPENDENT  
REGULATION



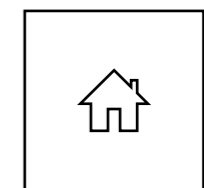
EXCHANGE  
INFRASTRUCTURE



ACCESS TO SWF  
MANAGEMENT



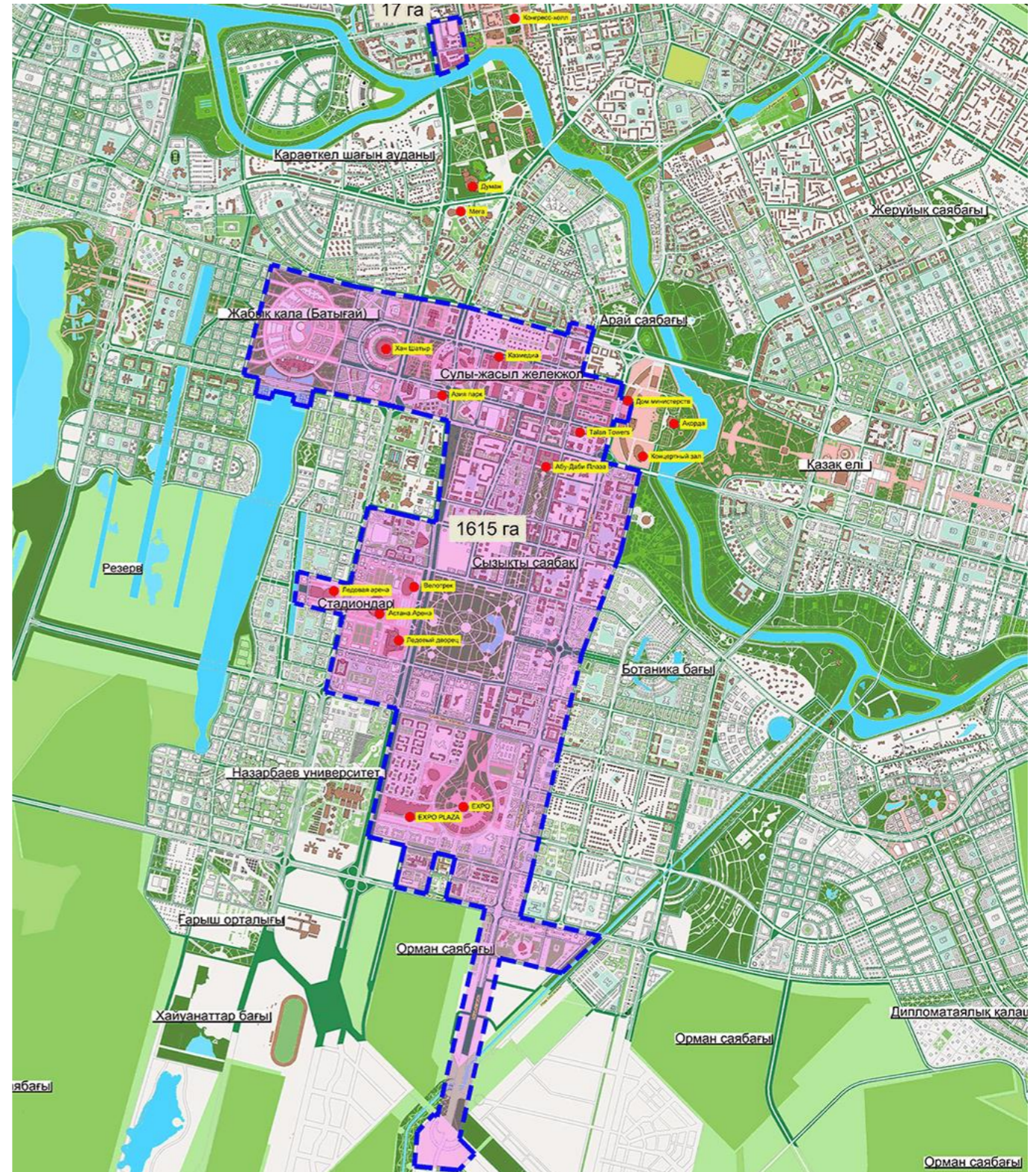
GREEN  
FINANCE



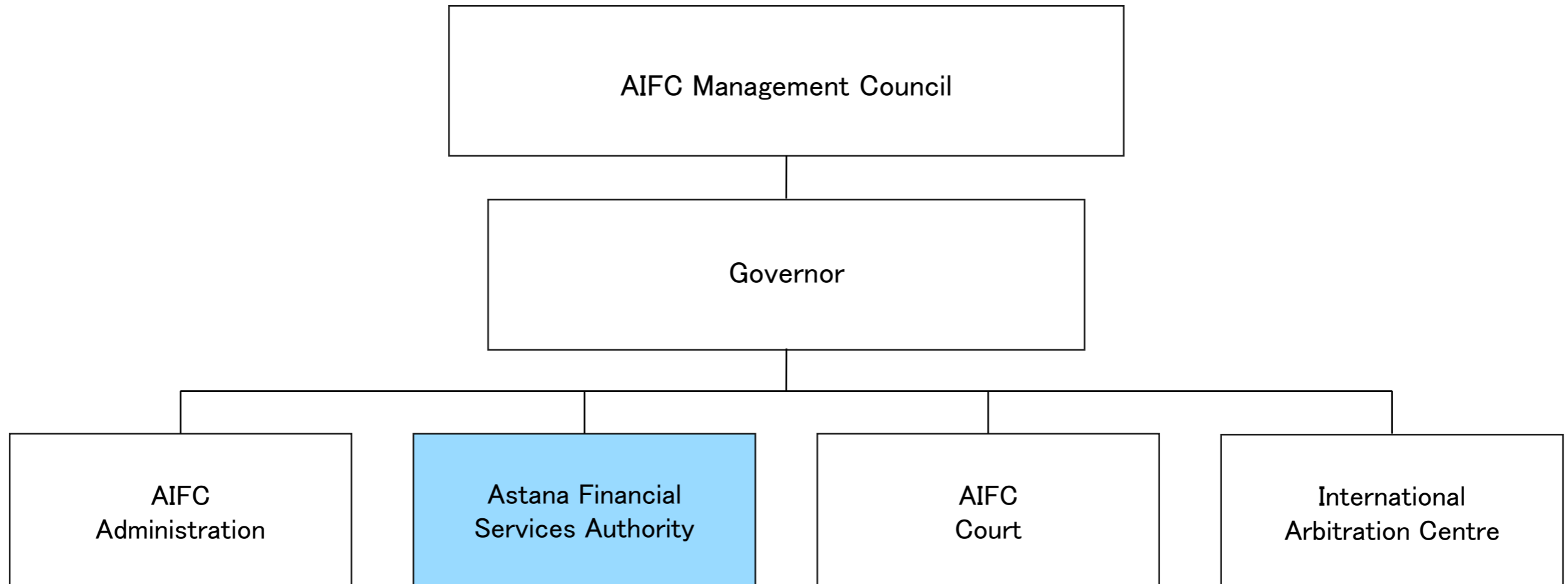
CONDUCTIVE  
ENVIRONMENT

*Note: AIFC Development strategy was determined by the AIFC Management Council on 26 May 2016. For more information visit [www.aifc.kz](http://www.aifc.kz)*

- Platform for alternative financing in the region
- English common law, independent judiciary
- International standards of financial regulation
- Corporate governance standards
- Risk based, receptive and dynamic regulator
- Tax exemptions:
  - Corporate income for financial and ancillary services
  - Capital gains for corporate and individuals
- Simplified visa regime



## AIFC Bodies



## Other Key Players



## Astana Financial Services Authority

Independent regulator of financial and non-financial services in the Astana  
the Astana International Financial Centre

**Mission:** to establish an environment that delivers fair and transparent financial and capital markets, in which individuals and institutions act with integrity.

### **Main functions:**

- Registrar of Companies
- Corporate Regulator
- Financial Services Regulator (prudential and conduct)
- Ancillary Services Regulator



## **Multilateral**

Cooperation with global standard setters

- International Organization of Securities Commissions (IOSCO)
- International Association of Insurance Supervisors (IAIS)
- Basel Committee for Banking Supervision (BCBS)
- Banking Supervisors from Central and Eastern Europe (BSCEE)
- Eurasian group on combating money laundering (EAG/FATF)
- Islamic Financial Services Board (IFSB)
- Accounting and Auditing Organization for Islamic Finance Institution (AAOIFI)

## **Bilateral**

Regulatory and supervisory cooperation

## Financial Services

Capital markets  
Banking sector  
Insurance sector

## Ancillary Services

Accounting  
Audit  
Credit rating  
Legal services  
Consulting services

## Corporate Regulator

Registrar of companies  
Corporate Governance

## Priorities

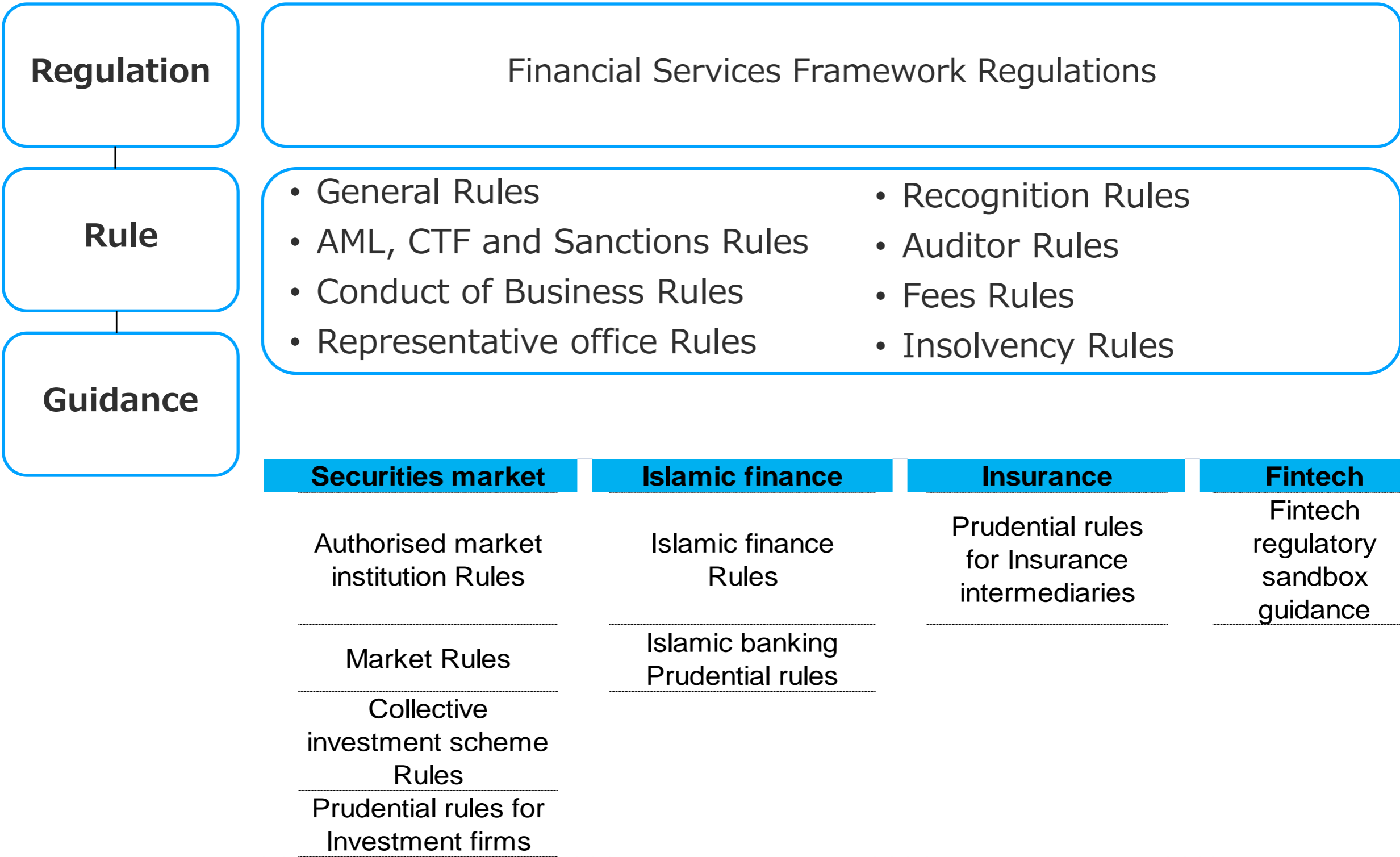
- Capital markets (AIX)
- Asset management
- Private Banking
- Islamic finance
- Financial technologies
- Green finance

A legal and regulatory regime,  
developed in line with international  
standards  
(IOSCO, Basel Committee, IAIS,  
OECD, IFSB)

Principles based regulatory  
framework based on English  
Common Law and familiar  
structure (similar to London,  
Singapore, Dubai, Abu Dhabi)

Business friendly, impartial and  
fair regulatory policy

FATF recommendations  
integrated into AML/CTF  
policies



- Managing Investments
  - Managing a Collective Investment Scheme
  - *Exempt Fund*
  - *Non-Exempt Fund*
  - *Specialist Fund*
  - *Islamic Investment Fund*
  
  - *Domestic Funds*
  - *Foreign Funds*
  
  - Providing Custody
  - Providing Trust Services
  - Providing Fund Administration
  - Acting as the Trustee of a Fund
- Advising on Investments
  - Arranging Deals in Investments
  - Managing a Restricted Profit Sharing Investment Account
  - Islamic Banking Business
  - Providing Islamic Financing
  - Banking Business Framework (Accepting Deposits, Granting Loans)

**Representative office**  
**Branch**  
**Subsidiary**

**Recognised Non-AIFC Member**  
Financial market institutions  
(investment exchange, clearing house)  
Qualified market participants  
(brokers/dealers)

## **Types of body corporate**

- Private Company
- Public Company
- Special Purpose Company
- General Partnership
- Limited Partnership
- Limited Liability Partnership
- Non-profit Incorporated Organisation

## Requirements for Regulated Activities

### Financial Resources

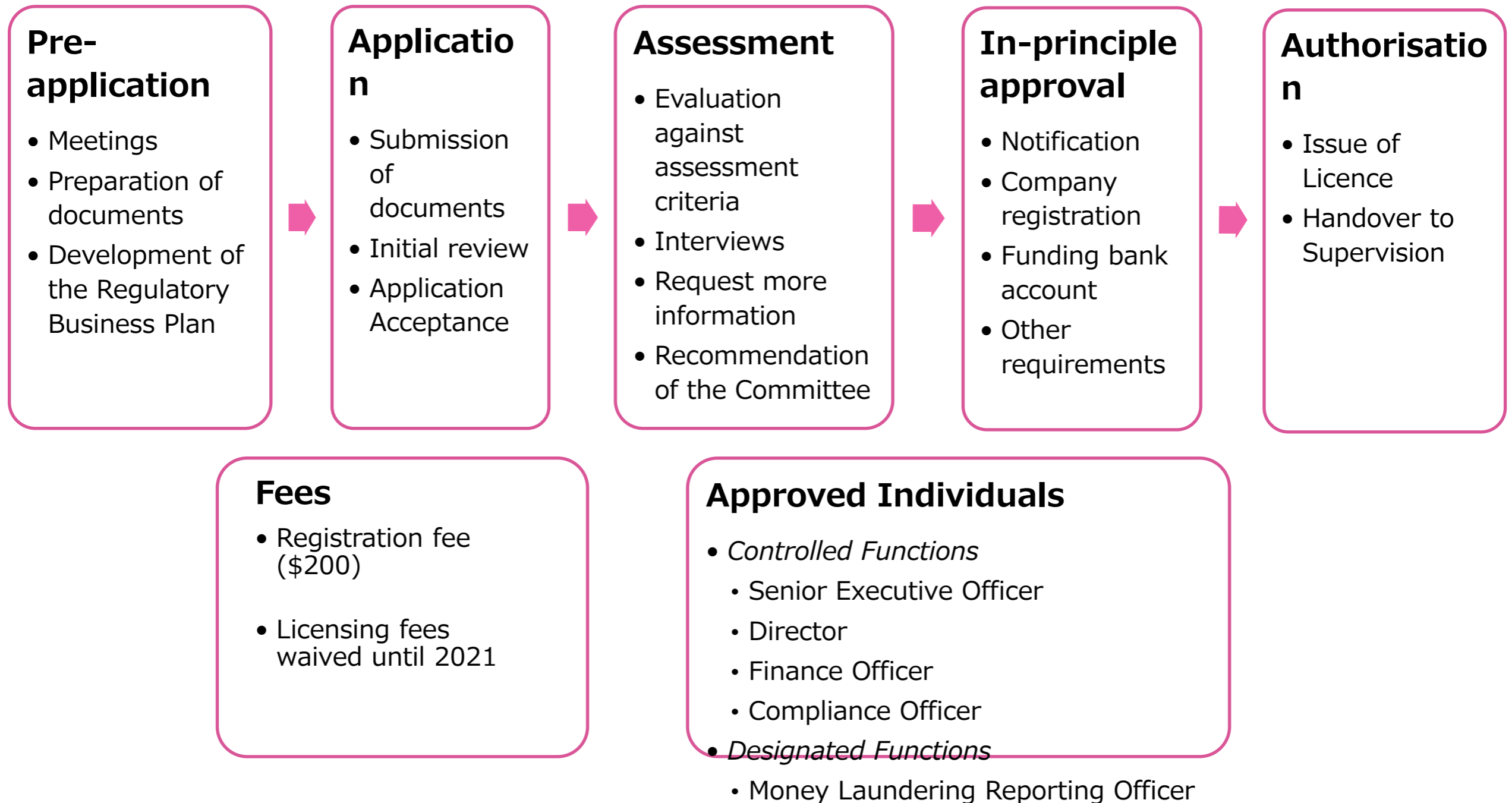
### Non-financial Resources

### Fitness and Propriety

- Controllers
- Controlled and Designated Functions

### Systems and Controls

- General requirements
- Outsourcing
- Corporate governance
- Compliance
- Internal audit
- Conflicts of interest
- Information barriers
- Management of risks
- Recordkeeping





## **Sandbox application**

- Application process:
  - ✓ Pre-Application;
  - ✓ Application
- Sandbox procedures, established as per best international practices

## **Sandbox Regulatory Regime**

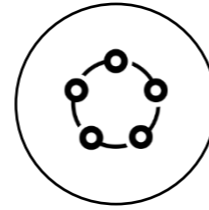
- Tailored regulation
- Testing and development period - up to two years with the option to extend

- Legal and regulatory framework
- Wide choice of corporate vehicles
- Visa and Tax regimes
- World class infrastructure
- Simplified registration and licensing process
- Fees waivers
- Attractive requirements
- Application of international standards for:
  - a) Anti Money Laundering
  - b) Conduct
  - c) Prudential
- Risk based proportionate approach to regulation



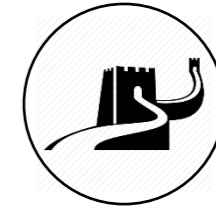
## PLATFORM

The opportunity is now, considering the benefits of the AIFC English law based hub model



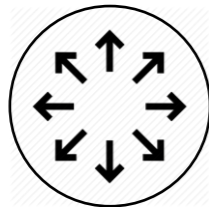
## SYNERGY

Asset management & Wealth management is an enabler to the success of Banking and Capital Markets business, and the wider AIFC role



## INITIATIVE

BRI initiative – tapping the growth of China and build on the strong Chinese presence in AIFC



## EXPANSION

Derive the greatest possible strategic benefit from international financial institutions growing internationalization scale (Focus on Asia)



## CLIENTS

Large bulk of regional clients prefer to be serviced onshore (evolving client needs and requirements)



## REGULATION

Complex regulation and stringent client on-boarding requirements in developed markets and large financial hubs

**Thank you!**

**[www.aifc.kz](http://www.aifc.kz)**  
**[www.afsa.kz](http://www.afsa.kz)**