

Authorisation process in the AIFC



01.

WHAT IS AUTHORISATION



- In order to conduct financial or ancillary services in or from the AIFC, firms need to obtain a licence from the AFSA.
- The authorisation process enables the AFSA to identify, prevent significant misconduct or harm from occurring and to ensure that firms and individuals meet threshold conditions before a firm carries out financial or ancillary services from the AIFC.

02.

DECIDE WHAT TYPE OF BUSINESS YOU WANT TO CARRY OUT

2.1. Authorisation

Licences granted by the AFSA specify the type and scope of financial or ancillary services that a firm is permitted to conduct. The types of services authorised by AFSA are as following:

Regulated Activities		
Investments	Banking	Insurance
<ul style="list-style-type: none"> - Dealing in Investments as Principal; - Dealing in Investments as Agent; - Managing Investments; - Managing a Collective Investment Scheme; - Advising on Investments; - Arranging Deals in Investments 	<ul style="list-style-type: none"> - Providing Credit; - Advising on a Credit Facility; - Arranging a Credit Facility; - Providing Money Services; - Opening and Operating Bank Accounts; - Operation of a Payment System; - Accepting Deposits 	<ul style="list-style-type: none"> - Insurance Intermediation; - Effecting Contracts of Insurance; - Carrying on Contracts of Insurance; - Insurance Management
Funds	Islamic Finance	Custody
<ul style="list-style-type: none"> - Providing Trust Services; - Providing Fund Administration; - Acting as the Trustee of a Fund; - Managing a Restricted Profit-Sharing Investment Account 	<ul style="list-style-type: none"> - Islamic Banking Business; - Providing Islamic Financing; - Takaful Business 	<ul style="list-style-type: none"> - Providing Custody; - Arranging Custody
		General
		<ul style="list-style-type: none"> - Operating a Representative Office

Market Activities	Ancillary Services
<ul style="list-style-type: none"> - Operating an Exchange; - Operating a Clearing House; - Operating a Private E-currency Trading Facility; - Operating a Loan Crowdfunding Platform; - Operating an Investment Crowdfunding Platform; - Operating a Multilateral Trading Facility; - Operating an Organised Trading Facility; - Operating a Private Financing Platform 	<ul style="list-style-type: none"> - Providing Legal Services; - Providing Audit Services; - Providing Accountancy Services; - Providing Consulting Services; - Providing Credit Rating Services

2.2. Recognised Non-AIFC Members

AFSA also deals with the recognition of brokers and dealers and market institutions located outside of the AIFC. Recognition will enable financial market infrastructures (trading platforms and clearing and settlement institutions) and qualified potential market participants (brokers and dealers) to be recognised to carry out their activities in the AIFC without having to establish a physical presence.

Recognition	
Recognised Non-AIFC Members (RNAM) - market participants, such as brokers and dealers	Recognised Non-AIFC Market Institutions (RNAMI) – authorised market institutions, like an exchange, clearing house or alternative trading system
RNAM status permits a RNAM to access the facilities of the Authorised Investment Exchange or Authorised Clearing House within the AIFC without exceeding the scope of the activities it is authorised to carry on by its home regulator	RNAMI may apply to AFSA and must meet the recognition criteria that are set out in the AFSA's REC Rules – https://afsa.aifc.kz/legal-framework/recognition-rules/

03.

OVERVIEW OF AUTHORISATION/ RECOGNITION PROCESS

01

**Preliminary
meeting/call**

Informal feedback

04

In-Principle Approval

Authorisations
Committee decision
to approve/reject
the application

05

**Fulfilling In-Principle
Conditions**

In case Authorisation
Committee Members
set conditions for au-
thorisation/recognition

02

Draft application

Initial feedback

03

Formal application

Further meetings,
calls, feedback,
refinement of various
aspects of application

06

**Obtain a Licence/
Recognition**



04.

ESSENTIAL STEPS TO BECOME AUTHORISED

1. Contact AIFC Business Connect to Understand the value proposition of the AIFC for your business (please refer to 5. Contact us below);
2. Decide what type of business you want to carry out and check which Regulated Activities, Market Activities or Ancillary Services you will need to apply for (see section 2. Authorisation above);
3. Determine minimum regulatory capital requirements (if any);

All applicants for Regulated or Market Activities are required to demonstrate a sound initial capital base and funding and to meet the relevant prudential requirements of the AFSA Rules, on an on-going basis. This may include holding sufficient capital to cover expenses on a zero-revenue basis. Inevitably, start-up entities face greater financial risks as they seek to establish and grow a new business.

In addition to the risks associated with the financial viability of the start-up entity, attention should be given to the clarity and the verifiable source of the initial capital funding. Start-up entities may be required to disclose the source of their funds and the history of those funds for at least the previous 12 months (see the table with Base Capital Requirements (BCR) below):

Category	Type of activity	BCR valid until 1 November 2023	BCR valid from 1 November 2023
Banking	Bank	USD 5 million	USD 10 million
	Credit Provider	USD 500,000	USD 2 million
	Authorised Firm Providing Money Services	USD 200,000	USD 200,000
	Authorised Firm Arranging Credit Facility, Authorised Firm Advising on Credit Facility	USD 5,000	USD 10,000
Insurance	Insurer	USD 1.5 million – USD 5 million	USD 7 million
	Insurance Intermediary, Insurance Manager	USD 5,000-7,000	USD 7,000-13,000
Investments	Dealing In Investments as Principal	USD 50,000 - USD 500,000	USD 50,000 - USD 500,000
	Dealing In Investments As Agent	USD 50,000	USD 50,000
	Managing Investments	USD 150,000	USD 150,000
	Managing A Collective Investment Scheme	USD 50,000 - USD 500,000	USD 50,000 - USD 500,000
	Providing Custody Services	USD 500,000	USD 500,000
	Arranging Custody Services	USD 10,000	USD 10,000
	Providing Trust Services	USD 10,000 - USD 200,000	USD 200,000
	Providing Fund Administration	USD 10,000	USD 10,000
	Acting as A Trustee of A Fund	USD 200,000	USD 200,000
	Advising on Investments, Arranging Deals In Investments	USD 5,000	USD 10,000

Islamic	Islamic Bank	USD 5 million	USD 10 million
	Islamic Broker Dealer	USD 2 million	USD 2 million
	Managing Profit-Sharing Investment Accounts	USD 200,000	USD 200,000
	Islamic Financing Company	USD 100,000 if only own fund used and USD 500,000 if not only own fund used	USD 2 million
	Takaful Operator	USD 1.5 million – USD 5 million	USD 7 million

4. Determine your senior management team – who will be a part of the senior management team and who will fulfill the mandatory positions.

An applicant for Regulated or Market Activities must make separate applications for each individual it wishes to become approved.

Applicants will only be authorised if the AFSA is satisfied that the proposed individuals are fit and proper, and that the functions of their role will be conducted and managed in a sound and prudent manner.

5. Familiarize with applicable AIFC Rules and Regulations and be prepared to show how you will comply with them (see the table with rules for each area below):

Authorisation	Financial Services Framework Regulations General Rules
Recognised Non-AIFC Members	Recognition Rules
Funds	Collective Investment Scheme Rules
Prudential Requirements	Prudential Rules for Investment Firms Prudential Rules for Insurance Intermediaries Banking Business Prudential Rules Islamic Banking Prudential Rules
Market Members	Market Rules Authorised Market Institutions Rules
Islamic Finance	Islamic Finance Rules Islamic Banking Prudential Rules
FinTech	FinTech Rules
Representative Office	Representative Office Rules
Fees	Fees Rules

6. Determine what type of information is required for your application – it will facilitate and expedite the application process if applicants cover the following areas within their submission:

Strategy and rationale for establishing in the AIFC	this will include business activities, target markets, financial products, details of your existing and proposed clients and an analysis of your competition
Organisational structure	this will include proposed legal structure, and its relationship with other Group entities and other regulators of the Group
Corporate Governance in terms of management structure and organisation	this will include Board and senior management structure, main committees and an organogram of your corporate structure
Human and Capital resources	this will include human and capital resources, premises and any outsourcing arrangements
Control environment	this will include risk management, compliance and internal audit
Financial projections for three years	this will include assumptions, budgets, financial resources and minimum regulatory capital requirements

7. See useful resources:

- Application for Licence forms – https://afsa.aifc.kz/forms_n/
 - Authorisation guides and guidelines – <https://afsa.aifc.kz/guides/>
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CONTACT US



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