



**Astana Financial Services Authority**

# **Consultation Paper**

**No. 9 of 2018**

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## ***PROPOSED AIFC RULES FOR PRE-IPO LISTINGS***

**August 17, 2018**

## Introduction

1. The Astana Financial Services Authority (AFSA) has issued this Consultation Paper to invite public comments on the proposed rules for pre-IPO listings. The proposed rules are set out at Annex 1 to this Paper.
2. The proposals in this Consultation Paper will be of interest to Authorised Persons, Designated Non-Financial Business or Professions, individuals, financial organizations who are interested in doing business in the AIFC, state bodies and investors.
3. 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 No 9” 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.
4. The deadline for providing comments on the proposals is **16 September 2018**. Once we receive your comments, we shall consider if any refinements are required to this proposal.

5. Comments to be addressed by post:

Policy and International Relations  
Astana Financial Services Authority (AFSA)  
8 Kunayev Street, Building B, Astana, Kazakhstan  
or emailed to: [consultation@afsa.kz](mailto:consultation@afsa.kz)  
Tel: +8 7172 613781

## Background

1. In 2015 Astana was designated by the President of Kazakhstan as the location of the Astana International Financial Centre (“AIFC”). He stated the need to establish the AIFC on the base of the Expo-2017 infrastructure and to confer a special status on the AIFC. The AIFC participants, bodies and organisations will enjoy a special tax regime, special migration regime, special currency exchange regulation regime.
2. According to Article 2 of the Constitutional Statute of the Republic of Kazakhstan “On the Astana International Financial Centre” (the “Constitutional Statute”), the purpose of the AIFC is to establish a leading international centre for financial services. The objectives of the AIFC are as follows:
  - (1) attracting investment into the economy of the Republic of Kazakhstan by creating an attractive environment for investment in the financial services sphere;
  - (2) developing a securities market in the Republic of Kazakhstan and integrating it with international capital markets;
  - (3) developing insurance markets, banking services, and Islamic finance markets, in the Republic of Kazakhstan;
  - (4) developing financial and professional services based on international best practice;
  - (5) achieving international recognition as a financial centre.
3. Further development of the AIFC legislation requires the establishment of a comprehensive framework for provision of the full range of financial services in the AIFC. According to Article 2 of the Constitutional Statute, as mentioned above, one of the objectives of AIFC is developing a securities market in the Republic of Kazakhstan and integrating it with international capital markets.
4. In this regard, the AFSA as financial regulator of the AIFC strives to develop legislation for securities market in the AIFC by drafting and/or amending relevant AIFC Acts.

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**AIFC RULES FOR PRE-IPO LISTINGS**

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In respect of Pre-IPO Listings:

1. The AIFC Market Rules (MAR) AIFC Rules No. FR0003 of 2017 shall not apply to Pre-IPO Listings.<sup>1</sup>
2. With reference to Financial Services Framework Regulations, AIFC Regulations No. 18 of 2017 dated December 20, 2017
  - (1) Pursuant to section 66(5), a Pre-IPO Listing is a circumstance in which Securities admitted to an Official List of Securities need not comply with the requirement of section 66(3).<sup>2</sup>
  - (2) Pursuant to section 82(3), a Pre-IPO Listing is a circumstance in which the requirements of section 82(1)<sup>3</sup> do not apply.
  - (3) Pursuant to section 83(5), a Pre-IPO Listing is a circumstance in which the requirements of section 83(1)<sup>4</sup> do not apply.
  - (4) Chapter 8 (*Prevention of Market Abuse*) and Chapter 9 (*Takeovers*) shall not apply to Pre-IPO Listings.

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<sup>1</sup> MAR sets out various requirements (e.g., on corporate governance, directors duties, matters requiring shareholder approval, dealings by restricted persons, related party transactions, financial reporting (including semi-annual financial reports), use of sponsors/compliance advisers, market abuse rules, publication of Inside Information), which should not apply to a company with no (or a small percentage of) public shareholders.

<sup>2</sup> Section 66(3) states: “Where a Person has any Securities included on an Official List of Securities, such Securities must be admitted to trading on an Authorised Investment Exchange as soon as possible.”

<sup>3</sup> Re: corporate governance framework and principles/standards.

<sup>4</sup> Re: disclosure to the market of financial information/Inside Information.