

Consultation Paper

AFSA-P-CE-2025-0001

Amendments to the AIFC Capital Market Framework

Unrestricted

21 July 2025

INTRODUCTION

Why are we issuing this Consultation Paper (CP)?

1. The Astana Financial Services Authority (AFSA) has issued this Consultation Paper to seek suggestions from the market on proposed amendments to the AIFC Capital Market framework.

Who should read this CP?

2. The proposals in this paper will be of interest to current and potential AIFC Participants involved in capital markets activities, issuers, investors, as well as other market participants and interested stakeholders.

Terminology

3. Defined terms have the initial letter of the word capitalised, or of each word in a phrase. Definitions are set out in AIFC Glossary. Unless the context otherwise requires, where capitalisation of the initial letter is not used, the expression has its natural meaning.

What are the next steps?

4. We invite comments from interested stakeholders on the proposed framework. All comments should be in writing and sent to the email specified below. When sending your comments by email, please use “Consultation Paper AFSA-P-CE-2025-0001” in the subject line. You may, if relevant, identify the organisation you represent when providing your comments. 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 AFSA.
5. The deadline for providing comments on the proposed framework is **15 September 2025**. Once we receive your comments, we shall consider if any refinements are required to this proposal.
6. Following the public consultation, we may proceed with making relevant changes to the AIFC Acts as appropriate to reflect the points raised in the consultation. You should not act on the proposals until the framework is enacted.
7. AFSA prefers to receive comments by email at consultation@afsa.kz.

Structure of this CP

Part I – Background

Part II – Proposals

Part III – Public Consultation Questions

Annex 1 – Proposed Amendments to AIFC Rules

PART I – BACKGROUND

I. Introduction

1. Capital markets are essential to a well-functioning financial system. They facilitate the efficient mobilisation and allocation of capital, support business growth through access to long-term funding, and offer investment opportunities that contribute to economic development and wealth creation. For emerging and regional financial centres, the existence of a vibrant capital market is particularly critical in attracting investment, deepening financial intermediation, and enhancing financial resilience.
2. Recognising this, the development of capital markets has consistently remained at the core of the AIFC's mission and is a strategic priority for the AFSA. The AIFC aims to position itself as a regional hub for capital raising and investment, and AFSA plays a key role in enabling this through regulatory clarity, robust market oversight, and continued engagement with market participants. This includes ensuring that efficient and transparent regulatory frameworks are in place and effectively implemented. These efforts are essential to promote broader market participation and maintain investor confidence.
3. In an increasingly interconnected global economy, enhancing the efficiency of capital markets has become a strategic priority for financial centres seeking to attract investment, promote broader market participation, and support economic development. As a result, jurisdictions around the world are placing greater emphasis on building deep, liquid, and well-regulated markets that can meet the evolving needs of issuers and investors. Both established and emerging jurisdictions are reassessing regulatory and procedural barriers that may deter market access.
4. This has led to a strategic shift toward facilitating access to trading venues, while upholding key principles such as investor protection, market transparency, and integrity. In line with these developments, the AFSA has undertaken a comprehensive review of its capital market regulatory framework to ensure that the AIFC remains an efficient and well-regulated environment for both domestic and international market participants.

II. Policy Priorities for Capital Market Development in the AIFC

5. The AIFC's regulatory framework for capital markets is grounded in a principles-based and risk-based approaches, ensuring that regulation remains proportionate, outcomes-focused, and adaptable. In the context of securities offerings, the framework follows a disclosure-based model, which prioritises transparency and investor empowerment through the dissemination of material information rather than prescriptive requirements. While these approaches in regulation have provided a sound foundation, practical challenges have emerged over time, reinforcing the need for continuous review and iterative enhancements to maintain their relevance and effectiveness.
6. The AFSA conducted a comprehensive review of the AIFC capital markets framework to assess its regulatory effectiveness and practical implementation.

While the framework remains fundamentally sound, the review identified areas requiring targeted refinement to facilitate broader market participation, reduce regulatory friction, and enhance accessibility. The analysis was also informed by supervisory experience, helping to identify opportunities to improve oversight processes, enhance regulatory responsiveness, and ensure that regulatory approaches remain proportionate to the scale and complexity of the AIFC market.

7. In parallel, the AFSA analysed recent regulatory developments in other leading jurisdictions to identify global trends in capital markets regulation that could inform and strengthen the AIFC's regulatory regime. These insights contributed to the shaping of AFSA's current proposals, ensuring that the capital markets framework remains internationally credible, proportionate, and supportive of the AIFC's long-term development as a competitive financial centre.

PART II – PROPOSALS

8. This Consultation Paper puts forward a set of targeted amendments addressing both the structural underpinnings and practical application of the AIFC's capital markets regulatory framework. The objective is to achieve an appropriate balance between safeguarding investors and enabling market flexibility. These proposals are tailored to the AIFC's status as an emerging international financial centre, while also drawing on global best practices to ensure the regulatory framework remains sound and proportionate.

A. Exemption from Prospectus for offers made to Professional Clients

9. Sections 1.1.2 and 1.2.2 of the AIFC Market Rules (MAR) set out a range of criteria under which Offers of Securities, whether through an Authorised Investment Exchange or by way of placement, may qualify for an exemption from the Prospectus requirement. One of the exemptions apply where offers are made exclusively to Accredited Investors. Under MAR, the notion of an Accredited Investor hinges primarily on a minimum investment threshold (e.g. USD 100,000), serving as a proxy for sophistication and risk tolerance.
10. By contrast, the COB framework provides a comprehensive system of client categorisation, incorporating both qualitative assessments and quantitative thresholds, with the categories aligned with the broader AIFC framework. Importantly, Professional Client status under COB is not conferred solely based on transaction value, but also on the nature of the client and a firm's formal evaluation of their financial sophistication and consent.

Proposal

11. It is proposed to replace the current "Accredited Investor" concept in the MAR with the more risk-based and nuanced "Professional Client" classification used in the COB Rules. The term "Retail Investor" would likewise be replaced with "Retail Client," and relevant definitions in the AIFC Glossary will be removed accordingly.

B. Exemption from Prospectus for offers of fungible securities

12. Another criterion for exemption from the prospectus requirement (Exempt Securities) relates to offer of fungible securities. MAR 1.2.2(1)(f) provides that Securities fungible with Securities already admitted to trading on the same Authorised Investment Exchange may be treated as Exempt Securities, provided that they represent, over a period of 12 months, less than 10% of the number of Securities already admitted to trading on the Authorised Investment Exchange.
13. Increasing the threshold is being considered as a more flexible and market-friendly approach to follow-on offerings by reducing administrative burdens, lower transaction costs, and enable faster access to capital, particularly for issuers in capital-intensive or growth-oriented sectors.

Proposal

14. It is proposed to amend MAR 1.2.2(1)(f) to increase the threshold for exempt offers of fungible securities from 10% to 30% over a 12-month period.

C. Exemption from Prospectus for offers made to fewer than 50 Investors

15. Pursuant to MAR 1.2.2(1)(b) an Authorised Investment Exchange may admit Securities to trading, and permit the offer of Securities, without a Prospectus, if such Securities being offered are issued and registered in the AIFC and the offer is directed at fewer than 50 investors in any 12-month period.
16. This provision has a limited practical relevance to the operations of Authorised Investment Exchanges due to the nature of their business models, which are generally designed to facilitate broader access to capital markets rather than narrowly targeted offerings.

Proposal

17. It is proposed to remove MAR 1.2.2(1)(b) from the MAR. The provision does not align with the operational realities of investment exchanges.

D. Application of Corporate Governance Principles

18. MAR establish Corporate Governance Principles and best practice standards that may be adopted by a Reporting Entity to achieve compliance with these principles, setting out high-level requirements aimed at promoting prudent and sound management (Board of Directors). Within the corporate governance requirements MAR also set requirements to directors' duties and fair treatment of shareholders.
19. Reporting Entities must disclose annually whether they have adopted the corporate governance best practice standards, and if the best practice standards have not been fully adopted or have been only partially adopted, explain what actions have been taken to achieve compliance with the Corporate Governance Principles, following a "comply or explain" approach.
20. The Corporate Governance Principles and directors' duties and fair treatment of shareholders apply to all Reporting Entities with certain exemptions:

- they do not apply to Listed Funds and their Fund Managers;
- Issuers of Exempt Securities (except for cases where such Exempt Securities have been subsequently offered to the public) and Issuers of Debentures are not required to comply with specific governance requirements such as those relating to Board composition, shareholder rights, and committees.

Proposal

21. It is proposed to apply the Corporate Governance Principles and the requirements relating to directors' duties and fair treatment of shareholders only to Issuers of Shares.
22. In general, the nature of risks associated with Debentures is fundamentally different from those inherent in equity instruments. While shareholders bear residual risks and are directly affected by the strategic and operational decisions of a company's board, debenture holders are primarily concerned with the issuer's ability to meet fixed financial obligations. The risk profile for debt instruments is more closely aligned with the issuer's solvency, credit rating, and the enforceability of contractual terms, rather than with governance practices affecting shareholder value.
23. This targeted application is expected to reduce practical barriers to the issuance of debt instruments and enhance the overall attractiveness of the AIFC as a venue for debt offerings.

E. Disclosure of Annual and Semi-annual Reports

24. While the MAR already provide a tiered and risk-sensitive approach to financial disclosure, particularly by exempting certain issuers from full annual and semi-annual reporting requirements (while still requiring the submission of audited annual and interim financial statements) there remains a need to refine the reporting timelines for those still subject to disclosure obligations. Currently, MAR 3.4.2 requires a Reporting Entity to disclose its semi-annual report as soon as possible, but no later than 75 days after the end of the reporting period. For annual reports, the maximum disclosure deadline is 150 days after the financial period end.
25. Practically it was noted that preparing and finalising semi-annual financial reports can be operationally challenging, particularly for Reporting Entities with complex group structures and cross-border operations. Extending the disclosure deadline to 90 days would offer greater flexibility to ensure the accuracy and quality of disclosures, while maintaining transparency and investor protection.

Proposal

26. It is proposed to amend MAR 3.4.2 to extend the maximum period for the disclosure of semi-annual reports from 75 days to 90 days after the end of the reporting period.

F. Threshold to defining Related Party Transaction

27. In accordance with MAR 2.5.2, a Person is a Related Party of a Reporting Entity if that Person (i) is or was the senior management or its associate, (ii) owns or has owned voting Securities carrying more than 5% of the voting rights, or (iii) is or was exercising significant influence over the Reporting Entity.
28. In practice a 10% threshold could be overly inclusive and not accurately reflect the actual influence a related party may have. The current threshold is too low in terms of assessing influence, and that it often captured parties who were not genuinely connected.

Proposal

29. It is proposed to raise the threshold for defining a related party from 5% to 20% of the voting rights.

G. Closed period for Restricted Persons

30. A closed period refers to a specific timeframe during which Restricted Persons, individuals involved in the senior management of a Reporting Entity, are prohibited from dealing in the securities of the issuer due to their likely access to material non-public information. This restriction is intended to prevent insider trading and maintain market integrity.

Proposal

31. It is proposed to consider an alternative end point for the closed period – the date of the announcement of preliminary results. For clarity, it is also proposed to define preliminary results as a public statement containing all the key financial information expected to be included in the annual report. In the case that the information changes between the preliminary and final report, there would not be another closed period. Then, the issuer should proceed in accordance with MAR, relating to the public disclosure of inside information.
32. It will allow issuers to publish preliminary results ahead of the final year-end report. These preliminary results typically contain the key figures expected to be included in the audited report, and the market generally treats them as indicative of the company's financial performance.

H. Approval of changes to the Accounting Reference Date

33. Currently, MAR 3.5.1 requires Reporting Entities to obtain prior approval from the AFSA before changing their accounting reference date. However, there are practical concerns faced by issuers incorporated outside the AIFC, which are already subject to home jurisdiction requirements regarding accounting periods.
34. The dual requirement for approval from both the AFSA and the home regulator increases administrative burden and leads to conflicting regulatory obligations. Adopting a notification-based process operating on a no-objection basis would reduce regulatory friction while still maintaining oversight and transparency.

Proposal

35. It is proposed to replace the current requirement for prior AFSA approval with introduction of notification requirement with an objection right. Under this approach, a Reporting Entity would notify the AFSA of its intention to change the accounting reference date at least 28 days in advance.

I. Actual dates of Admission to Listing and Trading in the Securities Note

36. In accordance with MAR 1.5.2 and MAR Schedule 2, the Securities Note must include the information on the proposed and actual dates for admission to an Official List, to trading on an AMI, to listing or trading authorised by AFSA or an Authorised Investment Exchange, and any other comparable event in respect of the Securities.
37. In practice at the time of Prospectus approval, the actual dates of admission are not yet available, making compliance with this requirement practically difficult and potentially leading to delays or unnecessary amendments to the Prospectus. To comply with the requirement to provide the actual date of admission to trading, Issuers initially submit the Prospectus without the date, and subsequently amend it to include the date, which then requires going through the approval process again.
38. Usually, the proposed and actual dates for admission to trading is the same day and requirement to disclose actual date creates unnecessary duplication without providing additional value or enhancing investors' understanding of the securities offering.

Proposal

39. It is proposed to amend the disclosure requirements and remove the obligation to identify actual dates of admission to trading, retaining only the disclosure of the proposed dates in the Securities Note.

J. Remuneration of each Key Person in the Registration Document

40. In accordance with section 6.2(a)(i) of Schedule 1 of MAR in the Registration Document it is required to provide information relating to each Key Person of the Issuer about the amount of remuneration paid (including any contingent or deferred compensation), and benefits in kind granted to such Persons by the Issuer and its Subsidiaries for services in all capacities to the Issuer and its Subsidiaries.
41. Previously, issuers applying for dual listing have experienced issues with providing individual remuneration details. They refer to their compliance with other regulatory frameworks, which does not mandate disclosure of individual remuneration amounts.
42. Requiring the disclosure of individual remuneration details where such disclosure is not mandated by the issuer's home jurisdiction or primary listing jurisdiction has been perceived as both excessive and unnecessarily burdensome.

Proposal

43. It is proposed to adopt the updated approach by incorporating an exemption that allows issuers not to include individual remuneration disclosures, where such disclosure is not required by the jurisdiction of incorporation and/or primary listing and is not otherwise publicly disclosed.

K. Information on Constitution in the Registration Document

44. An editorial change is needed to the MAR Schedule 1: Registration Document to the list of information required to be included in the Registration Document under the "Constitution and Organisational Structure" section. In the current version, the ticking mark for Debentures appears only under Item 3.1(a), creating ambiguity regarding the application of Items 3.1(b)–(h) to Debentures, even though all items form part of the summary of the provisions of the constitution of the Issuer.

Proposal

45. It is proposed to remove the ticking marks under Item 3.1(b) of the MAR Schedule 1: Registration Document and keep them only at the heading level (under Item 3.1: Constitution) to eliminate the confusion regarding the intended scope of applicability of the relevant requirements to Debentures.

L. Offer of Securities “from” the AIFC

46. MAR 1 (Offer of Securities) applies to securities admitted to trading or offered in or from the AIFC. But MAR does not impose regulatory requirements on Offers of Securities made from the AIFC.

Proposal

47. It is proposed to confirm the applicability of MAR to offers made in the AIFC.
48. In practice, regulating offers made from their territorial might results in the Offeror being subject to two or more regulatory regimes simultaneously, which can lead to increased complexity and compliance burdens. The existing AIFC framework does not create a dual compliance obligation that could lead to regulatory complexity for such offers.

M. Submission of Listing Application and Supporting Documents to AFSA

49. Currently, Rules 3.6.5(4) and (4-1) require an Authorised Investment Exchange to submit listing applications and supporting documents within the specified timeframes: 10 business days or 5 business days before admission, depending on the security type.

Proposal

50. It is proposed to reduce the submission timeline for applications relating to Securities, Units in a Listed Fund, or Derivatives to two business days prior to admission. This change aims to enhance the efficiency of the listing process for Authorised Investment Exchange.

O. Broadening Membership Eligibility at Authorised Market Institutions

51. According to the AIFC Authorised Market Institution Rules (AMI) 2.6.1(1)(a), only an Authorised Firm whose Licence permits it to carry on the Regulated Activity of Dealing in Investments may be admitted as a Member of an Authorised Market Institution (AMI).
52. However, the current approach restricts access to AMI for certain types of financial firms, both existing types and newly emerging ones. For example, custodians, who typically act as clearing members, are excluded under the current Rules. In terms of recent developments, Fund Managers have only been permitted to become AMI Members through a recently issued modification, despite their potential to enhance trading activity. These limitations underscore the need to reassess the existing membership criteria to allow broader participation, better reflecting the evolving structure and needs of the market.

Proposal

53. It is proposed to permit Authorised Firm without specification of Licence type to become a Member of an Authorised Market Institution, provided it meets the admission criteria set out in the Membership Rules.

PART III – PUBLIC CONSULTATION QUESTIONS

Question 1: Do you agree with the proposals relating to the Offer of Securities? If not, please explain your reasons.

Question 2: Do you agree with the proposals concerning the governance of Reporting Entities? If not, please explain your reasons.

Question 3: Do you agree with the proposals regarding reports submitted by Reporting Entities? If not, please explain your reasons.

Question 4: Do you agree with the other proposals outlined in this consultation paper? If not, please explain your reasons.

Question 5: Do you have any additional comments or alternative proposals you would like to suggest?

PROPOSED AMENDMENTS TO AIFC RULES

In these amendments, underlining indicates a new text and strikethrough indicates a removed text.

AIFC MARKET RULES

Guidance: Purpose and application of MAR

(...)

The application of the Rules in MAR is stated in respect of each Rule or apparent from the context. However, by way of summary:

- MAR 1 (Offer of Securities) is applicable to all persons who may seek to have Securities admitted to trading and/or to offer Securities in ~~or from~~ the AIFC and to all persons who may be liable for the contents of a Prospectus (as identified in MAR 1.9.1).

(...)

1 OFFER OF SECURITIES

1.1 Offer of Securities

1.1.1 Conditions for admission of Securities to trading and offer of Securities admitted or sought to be admitted to the Official List of an Authorised Investment Exchange

(1) An Authorised Investment Exchange may not admit Securities to trading unless:

- (a) the Securities have been admitted to the Official List maintained by the Authorised Investment Exchange in accordance with section 66 of the Framework Regulations; and
- (b) subject to MAR 1.2 (Exemptions), there is a Prospectus in relation to the relevant Securities that satisfies the requirements of this Part and has been approved by the Authorised Investment Exchange.

(2) Subject to MAR 1.2 (Exemptions), an Authorised Investment Exchange may not permit the offer of Securities, admitted or sought to be admitted to the Official List, in ~~or from~~ the AIFC, unless there is a Prospectus in relation to the relevant Securities that satisfies the requirements of MAR 1.1.1(1)(b).

1.1.2 Conditions for the offer of Securities by way of placement

(1) The Issuer may not offer Securities by way of placement (other than Securities admitted or sought to be admitted to the Official List of an Authorised Investment Exchange) in ~~or from~~ the AIFC, and an Authorised Firm may not conduct, facilitate or participate in such an offer, unless:

- (a) there is a Prospectus in relation to the relevant Securities that satisfies the requirements of this Part and has been approved by the AFSA; or

(b) the offer satisfies one and one only of the conditions mentioned in subsection (2) below; ~~or,~~

(c) the offer satisfies one or more of conditions (a), (b) and (m) in subsection (2) below.

(2) The conditions mentioned in subsection (1)(b) and (c) above are the following:

- (a) the offer is made to or directed at only ~~Accredited Investors~~ Professional Clients; or
- (b) the offer is directed at fewer than 50 Retail ~~Investors~~ Clients in any 12-month period; or
- (c) the offer is directed at investors who acquire Securities for a total consideration of at least USD100,000 (or an equivalent amount in another currency) per Person for each separate offer; or
- (d) the Securities being offered are denominated in amounts of at least USD100,000 per unit (or an equivalent amount in another currency); or
- (e) the total aggregate consideration for the Securities offered is less than USD100,000 (or an equivalent amount in another currency) calculated over a period of 12 months; or
- (f) the Securities offered are Shares which are issued in substitution for Shares of the same class as already issued, where the issue of the new Shares does not involve any increase in the issued Share capital; or
- (g) the Securities offered are convertibles issued under a Prospectus to existing members or creditors of the Issuer or a member of its Group and there is no additional consideration to be paid; or
- (h) the Securities offered are offered in connection with a Takeover and an informational document is made available which is considered by the AFSA as being equivalent to that of a Prospectus; or
- (i) the Securities offered are offered, allotted or to be allotted in connection with a merger if an informational document is available which is considered by the AFSA as being equivalent to that of a Prospectus; or
- (j) the Securities offered are offered, allotted or to be allotted in connection with a rights issue where:
 - (i) the Securities are of a class subject to Reporting Entity disclosure; and
 - (ii) a document is made available to offerees containing information on the number and nature of the Securities including rights attaching to those Securities and the reasons for and details of the offer; or
- (k) the Securities offered are Shares which are offered, allotted or to be allotted to existing Shareholders free of charge or dividends paid out in the form of Shares of the same class as the Shares in respect of which the dividends are paid, and a document is made available to offerees containing information on the number and nature of the Shares and the reasons for and details of the offer; or
- (l) the Securities offered are offered, allotted or to be allotted to an existing or former Director or Employee, or any close relative of such a Director or Employee, of the Issuer or a member of the same Group as the Issuer and:
 - (i) the Issuer or the member of the Group already has its Securities admitted to trading on a Regulated Exchange; and

- (ii) a document is made available to the offerees containing information on the number and nature of the Securities and the reasons for and details of the offer; or

(m) the offer is made to and directed at Retail Investors, provided that the total aggregate consideration for the offer of Securities made under this subsection to Retail Investors is not more than USD5,000,000 (or an equivalent amount in another currency) calculated over a period of 12 months; or

(n) the offer is made only through the Authorized Crowdfunding Platform to and directed at only Investors or lenders who are Clients of the Authorized Crowdfunding Platform within the limits set out in AMI.

(3) The following requirements apply to any offer of Securities to Retail ~~Investors~~ Clients by way of placement conducted under subsections (2)(a) through (2)(m) of MAR 1.1.2:

(a) the Issuer shall make available to each ~~Investor~~ Retail Client at a reasonable time prior to the purchase of Securities the opportunity to ask questions and receive answers concerning the terms and conditions of the offering and to obtain any additional information which the Issuer possesses or can acquire without unreasonable effort or expense that is necessary to verify the accuracy of information furnished under this section;

(b) the Issuer, and/or the Authorized Firm conducting, facilitating or participating in such an offer, shall take reasonable steps to verify the status of the ~~Investors~~ Retail Clients;

(c) the Issuer shall, if Retail ~~Investors~~ Clients are participating in the offering, give any Retail ~~Investor~~ Client disclosure documents that contain the necessary information which is material to an investor for making an informed investment decision; and

(d) the Issuer shall file a notice on the results of the offer with the AFSA within 30 days after the sale of Securities in the offering.

(...)

(6) ~~For the purposes of MAR 1.1.2:~~ ***[intentionally omitted]***

~~(a) "Accredited Investor" means:~~

~~(i) any natural person who acquires or intends to acquire Securities for a total consideration of at least USD100,000 (or an equivalent amount in another currency) per Person for each separate offer; or~~

~~(ii) an Authorized Person; or~~

~~(iii) a Body Corporate.~~

~~(b) "Retail Investor" means any natural person that is not an Accredited Investor, provided are subject to the condition that the aggregate amount in current value of Securities which are the subject of the offer that were sold by the offeror to each Retail Investor, during the 12 month period preceding the date of any offer made under this rule, does not exceed the greater of USD2,000 or 10 percent of the annual income or 5 percent of net worth of such Retail Investor (excluding the value of the primary residence), whichever is lesser, but not to exceed a maximum aggregate amount sold of USD100,000.~~

Guidance

~~To verify the status of the investors Issuers, and/or the Authorized Firm which facilitates such an offer, could rely on Retail Investors' self-certification (for example, questionnaires where investors self-report their income and net worth).~~

(...)

1.2 Exemptions

(...)

1.2.2 Exempt Securities

(1) An Authorised Investment Exchange may admit Securities to trading, and permit the offer of Securities (admitted or sought to be admitted to the Official List) in or from the AIFC, without a Prospectus, if such Securities satisfy one or more of the conditions specified below:

(a) the offer is made to or directed at only ~~Accredited Investors~~ Professional Clients ~~(as defined in MAR 1.1.2(6)(a))~~; or

(b) ~~the Securities being offered are issued and registered in the AIFC and the offer is directed at fewer than 50 investors in any 12 month period; or~~ **intentionally omitted**

(c) the offer is directed at investors who acquire Securities for a total consideration of at least USD100,000 (or an equivalent amount in another currency) per Person for each separate offer; or

(d) the Securities being offered are denominated in amounts of at least USD100,000 per unit (or an equivalent amount in another currency); or

(e) the total aggregate consideration for the Securities offered is less than USD5,000,000 (or an equivalent amount in another currency) calculated over a period of 12 months; or

(f) Securities fungible with Securities already admitted to trading on the same Authorised Investment Exchange, provided that they represent, over a period of 12 months, less than ~~40~~30% of the number of Securities already admitted to trading on the Authorised Investment Exchange; ~~and~~ or

(g) Shares resulting from the conversion or exchange of other Securities or from the exercise of the rights conferred by other Securities, where:

(i) the resulting Shares are of the same class as the Shares already admitted to trading on the same Authorised Investment Exchange; and

(ii) the resulting Shares represent, over a period of 12 months, less than 20% of the number of Shares of the same class already admitted to trading on the same Authorised Investment Exchange; ~~and~~ or

(h) Shares issued in substitution for Shares of the same class already admitted to trading on the same Authorised Investment Exchange, where the issuing of such Shares does not involve any increase in the issued capital; ~~and~~ or

(i) Securities offered in connection with a Takeover by means of an exchange offer, provided that a document is made available to the public in accordance with MAR 1.7, containing information describing the transaction and its impact on the Issuer; ~~and~~ or

(j) Securities offered, allotted or to be allotted in connection with a merger or a division, provided that a document is made available to the public in accordance with MAR 1.7, containing information describing the transaction and its impact on the Issuer; ~~and~~ or

(k) Shares offered, allotted or to be allotted free of charge to existing shareholders, and dividends paid out in the form of Shares of the same class as the Shares in respect of which such dividends are paid provided:

(i) that the said Shares are of the same class as the Shares already admitted to trading on the same Authorised Investment Exchange; and

(ii) that a document is made available to offerees containing information on the number and nature of the Shares and the reasons for and details of the offer or allotment; ~~and~~ or

(l) Securities offered, allotted or to be allotted to existing or former Directors or Employees by their employer or an affiliated undertaking, provided:

(i) that the said Securities are of the same class as the Securities already admitted to trading on the same Authorised Investment Exchange; and

(ii) that a document is made available to offerees containing information on the number and nature of the Securities and the reasons for and detail of the offer or allotment; ~~and~~ or

(m) Securities already admitted to trading on another Authorised Investment Exchange, Recognised Non-AIFC Market Institution or other Equivalent Regulated Exchange (“the other market”), where:

(i) the Securities, or Securities of the same class, have been admitted to trading and continuously traded on the other market for more than 18 months; and

(ii) the ongoing obligations for trading on that other market have been complied with; and

(iii) the Person requesting the admission to trading of the Securities under this exemption makes available to the public in accordance with MAR 1.7.6 a Prospectus Summary in accordance with MAR 1.4 (Prospectus Summary) in the English language, which is approved by the Authorised Investment Exchange and which states where the most recent Prospectus can be obtained and where the financial information published by the Issuer pursuant to its ongoing disclosure obligations is available. For the purpose of this sub-clause, references to a “Prospectus” in MAR1.4.1, MAR1.4.4 and MAR1.4.7 shall be deemed references to a “Prospectus Summary” and the provisions of MAR1.4.1(c), MAR1.4.4(a)(iv) and (b)(i) shall not apply.

(...)

2 GOVERNANCE OF REPORTING ENTITIES

Guidance: Definition of Reporting Entity

Section 81 of the Framework Regulations provides:

A Person is a Reporting Entity if the Person

- (a) has Securities or Units admitted to an Official List;
- (b) is the Fund Manager of a Listed Fund; or
- (c) is declared by the AFSA to be a Reporting Entity.

2.1 Application

~~(1) This section 2 of MAR and MAR Schedule 3 will have limited application for certain types of Reporting Entities, as follows: applies to every Reporting Entity except where a narrower application is provided in respect of any particular class of Securities.~~

~~(a) Reporting Entities, that are Issuers of Debentures admitted to an Official List are not required to comply with, or explain any non-compliance with, the following Corporate Governance Principles:~~

- ~~(i) sections 16-21 (Chairman and chief executive) of MAR Schedule 3;~~
- ~~(ii) sections 30-34 (Executive and non-executive directors) of MAR Schedule 3;~~
- ~~(iii) sections 35-38 (Nomination Committee) of MAR Schedule 3;~~
- ~~(iv) sections 39-40 (Secretary of the reporting entity) of MAR Schedule 3;~~
- ~~(v) sections 49-51 (Audit committee) of MAR Schedule 3;~~
- ~~(vi) MAR 2.2.6 (Principle 5 — Shareholder rights and effective dialog) and sections 52-59 (Principle 5 — Shareholder rights and effective dialog) of MAR Schedule 3;~~
- ~~(vii) Sections 70-75 (Remuneration committee) of MAR Schedule 3;~~
- ~~(viii) MAR 2.3.4 (Reduction of share capital);~~
- ~~(ix) MAR 2.3.5 (Pre-emption rights);~~
- ~~(x) MAR 2.3.6 (Communication with shareholders);~~
- ~~(xi) MAR 2.3.7 (Proxy solicitation);~~
- ~~(xii) MAR 2.3.8 (Other matters requiring shareholder approval).~~

~~(b) Reporting Entities that are Issuers of Exempt Securities (except for cases where such Exempt Securities have been subsequently offered to the public) are not required to comply with the Corporate Governance Principles specified in MAR 2.1(1)(a) and MAR 2.2.9 (Annual reporting on compliance).~~

(2) This section 2 of the MAR will not apply to:

(a) a Reporting Entity that is a Listed Fund or the Fund Manager of Listed Fund (in its capacity as such), and the CIS and the Business Rules prescribe the governance requirements for Listed Funds, and

(b) an Exempt ~~o~~Offeror.

(...)

2.2 Corporate governance principles

2.2.1-1 Application

(1) This section applies to a Reporting Entity in respect of Shares, and the Board of Directors ("the Board") of such a Reporting Entity.

(2) Reporting Entities specified in subsection (1) above that are Issuers of Exempt Securities (except for cases where such Exempt Securities have been subsequently offered to the public) are not required to comply with MAR 2.2.9 (Annual reporting on compliance).

2.2.1 Corporate governance principles

Pursuant to section 82(2) of the Framework Regulations, the principles in MAR 2.2.2 to 2.2.8 are hereby prescribed as "the Corporate Governance Principles".

Guidance: Corporate governance principles

(1) The Corporate Governance Principles in this section apply to Reporting Entities, subject to MAR 2.1 and MAR 2.2.1-1, as mandatory high-level requirements. MAR Schedule 3 sets out best practice standards that may be adopted by a Reporting Entity to achieve compliance with these principles.

(2) The best practice standards in MAR Schedule 3 are designed to provide a degree of flexibility so that a Reporting Entity can achieve the outcomes intended by the Corporate Governance Principles whilst taking into account the nature, scale and complexity of its business.

(3) Generally, if a Reporting Entity does not adopt the best practice standards set out in MAR Schedule 3, or adopts them only partially, the AFSA would expect the reasons for doing so and any alternative measures adopted to achieve the outcomes intended by the Corporate Governance Principles to be disclosed in the Prospectus and thereafter pursuant to disclosure required under MAR 2.2.9. Any inaccurate or false representations would breach the prohibition against misleading and deceptive statements in section 75 of the Framework Regulations.

(...)

2.3 Directors duties and fair treatment of shareholders

2.3.1 Application

(1) This section applies, subject to (2), to:

- (a) the Board of a Reporting Entity in respect of Shares; and
- (b) each individual Director who is a member of such a board.

(2) The requirement in Rule 2.3.3 applies to every Reporting Entity.

(...)

2.4 Dealings by restricted persons

(...)

2.4.3 Definition of “closed period” and “dealing in Securities”

For the purposes of MAR 2.4.2:

(a) a ‘closed period’ is

- (i) the period from the relevant financial year end up to and including the time of the announcement or publication of the annual financial statements and/or results or preliminary results; and
- (ii) if the Reporting Entity reports on a semi-annual basis, the period from the end of the relevant semi-annual financial period up to and including the time of the announcement or publication of the semi-annual financial statements and/or results or preliminary results; or
- (iii) if the Reporting Entity reports on a quarterly basis, the period from the end of the relevant quarter up to and including the time of the announcement or publication of the quarterly financial statements and/or results or preliminary results.

Guidance

“Preliminary results” mean the public statement whereby the issuer announces, in advance to the publication of the annual report, the preliminary financial results agreed by the management body

of the issuer and which will be included in that report. Preliminary financial results should contain all the key information relating to the financial figures expected to be included in the annual report.

(...)

2.5 Related party transactions

(...)

2.5.2 Definitions

In this section, unless otherwise provided:

(a) a Person is a Related Party of a Reporting Entity if that Person:

(i) is, or was within the 12 months before the date of the Related Party Transaction:

(A) a Director or a Person involved in the senior management of the Reporting Entity or a member of its Group;

(B) an Associate of a Person referred to in (a)(i)(A); or

(ii) owns, or has owned within 12 months before the date of the Related Party Transaction, voting Securities carrying more than ~~5%~~20% of the voting rights attaching to all the voting Securities of either the Reporting Entity or a member of its Group; or

(iii) is, or was within the 12 months before the date of the Related Party Transaction, a Person exercising or having the ability to exercise significant influence over the Reporting Entity or an Associate of such a Person; and

(...)

3 FINANCIAL REPORTS

(...)

3.2 Annual Report

3.2.1 Contents of annual report

(1) The annual report which is required to be produced by a Reporting Entity pursuant to section 84 of the Framework Regulations must include the information specified in (2).

(2) In respect of the financial year to which the annual report relates, it must contain:

(a) financial statements audited in accordance with MAR 3.1.2;

(b) a review of the operations during the year and the results of those operations;

(c) details of any significant changes in the Reporting Entity's state of affairs during the financial year;

(d) details relating to the Reporting Entity's principal activities during the year and any significant changes in the nature of those activities during the year;

(e) details of any matter or circumstance that has arisen since the end of the year that has significantly affected or may significantly affect the Reporting Entity's operations in future financial years and the results of those operations; or the Reporting Entity's state of affairs in future financial years;

- (f) likely developments in the Reporting Entity's operations in future financial years and the expected results of those operations;
- (g) a statement by the Auditor of the Reporting Entity as to whether in the Auditor's opinion the financial statements represent a true and fair view of the financial position of the Reporting Entity;
- (h) a statement by Directors or a body competent to decide on such matters under the Reporting Entity's constitutive documents and/or applicable law whether or not, in their opinion, the business of the Reporting Entity is a going concern, with supporting assumptions or qualifications if necessary;
- (i) details relating to the identity and holdings of any Connected Person of the Reporting Entity; and
- (j) annual reporting on compliance with the Corporate Governance Principles pursuant to MAR 2.2.9 by the Reporting Entity, if it is a Reporting Entity to which section MAR 2.2.9 applies.

(...)

3.4 Disclosure of annual and semi-annual reports

(...)

3.4.2 Time period for making market disclosure

(1) A Reporting Entity must disclose its required annual and semi-annual reports within the following time periods:

- (a) in relation to its annual report: as soon as possible after the financial statements have been approved, but no later than 150 days after the end of the financial period; and
- (b) in relation to its semi-annual report: as soon as possible and in any event no later than 75 90 days after the end of the period to which the report relates.

(...)

3.5 Accounting periods

3.5.1 Accounting reference date

- (1) A Reporting Entity must not change its accounting reference date as specified in its most recent Prospectus unless it has ~~obtained the prior approval of the AFSA in accordance with the requirements in (b)~~ notified the AFSA at least 28 business days prior to making such a change.
- (2) ~~Reporting Entity that proposes to change its accounting reference date must:~~ The AFSA may object to the proposed change or grant its prior approval of the proposed change within the period referred to in (1).
 - ~~(a) notify the AFSA of its proposal at least 28 business days prior to making such a change; and~~
 - ~~(b) obtain the AFSA prior approval for the proposed change.~~

3.5.2 Disclosure of changes to accounting reference date

A Reporting Entity must, where there is a change to its accounting reference date, disclose to the market:

(a) the change to its accounting reference date as soon as possible; and

(b) if it is a Reporting Entity in relation to Shares, a second interim report within six months of the old accounting reference date if the change of the accounting reference date extends the annual accounting period to more than 14 months.

(...)

SCHEDULE 1: REGISTRATION DOCUMENT*

	CONTENTS OF PROSPECTUS — REGISTRATION DOCUMENT	Shares	REMS Shares	Warrants over Shares	Debentures	Warrants over Debentures	Certificates over Shares	Certificates over Debentures	Structured Products
(...)									
3. CONSTITUTION AND ORGANISATIONAL STRUCTURE									
3.1	Constitution A summary of the provisions of the constitution of the Issuer including: (a) a description of the Issuer's objectives and purpose and where they can be found in the constitution;	✓		✓	✓		✓		✓
	(b) a summary of any provisions of the constitution with respect to its Directors- and any Person- involved in the senior management of the Issuer including the members of the administrative, management and supervisory bodies; (...)	✗		✗			✗		✗
(...)									
6. MANAGEMENT OF THE ISSUER									
(...)									

	CONTENTS OF PROSPECTUS — REGISTRATION DOCUMENT	Shares	REMS Shares	Warrants over Shares	Debentures	Warrants over Debentures	Certificates over Shares	Certificates over Debentures	Structured Products
6.2	<p>Other information relating to key Persons</p> <p>(a) For the last completed financial year of the Issuer, information relating to each Key Person about:</p> <p>(i) the amount of remuneration paid (including any contingent or deferred compensation), and benefits in kind granted to such Persons by the Issuer and its Subsidiaries for services in all capacities to the Issuer and its Subsidiaries; and</p> <p>(ii) the total amounts set aside or accrued by the Issuer or its Subsidiaries to provide pension, retirement or similar benefits.</p> <p><u>The information on the remuneration must be provided in relation to each Key Person unless such disclosure is not required in the Issuer's jurisdiction of incorporation and/or its primary listing and is not otherwise publicly disclosed by the Issuer.</u></p> <p>(...)</p>	√		√			√		√
(...)									

(...)

SCHEDULE 2: SECURITIES NOTE*

	CONTENTS OF PROSPECTUS — SECURITIES NOTE	Shares	REMS Shares	Warrants Over Shares	Debentures	Warrants Over Debentures	Certificates Over Shares	Debentures	Certificates Over Debentures	Structured Product
	(...)									
	5 ADMISSION TO TRADING									
5.1	(a) The proposed dates for: (i) admission to an Official List; and (ii) admission to trading on an Authorised Market Institution; (iii) admission to listing or trading by a Financial Service Regulator or Authorised Investment Exchange; and (iv) any other such comparable event in respect of the Securities-	✓	✓	✓	✓	✓	✓	✓	✓	✓
	(b) The actual dates on which: [intentionally omitted] (i) the Securities were admitted to an Official List; (ii) the Securities were admitted to trading on an Authorised Market Institution; (iii) the Securities were listed or admitted to trading by a Financial Services Regulator or Authorised Investment Exchange; and (iv) any other such comparable event took place in respect of the Securities-	✓	✓	✓	✓	✓	✓	✓	✓	✓
	(...)									
	(...)									

AIFC GLOSSARY

(...)

2. INTERPRETATION

(...)	(...)
Accredited Investor	(In MAR) means: (i) any natural person who acquires or intends to acquire Securities for a total consideration of at least USD100,000 (or an equivalent amount in another currency) per Person for each separate offer; or (ii) an Authorised Person; or (iii) a Body Corporate.
(...)	(...)
Retail Investor	(In MAR) means any natural person that is not an Accredited Investor, provided that the aggregate amount in current value of Securities which are the subject of the offer that were sold by the offeror to each Retail Investor, during the 12 month period preceding the date of any offer made under this rule, does not exceed the greater of USD2,000 or 10 percent of the annual income or 5 percent of net worth of such Retail Investor (excluding the value of the primary residence), whichever is lesser, but not to exceed a maximum aggregate amount sold of USD100,000.

AIFC AUTHORISED MARKET INSTITUTIONS RULES

2. RULES APPLICABLE TO ALL AUTHORISED MARKET INSTITUTIONS

(...)

2.6. Membership

2.6.1. Persons eligible for Membership

(1) An Authorised Market Institution, may only admit as a Member a Person who satisfies admission criteria set out in its Membership Rules and who is either:

(a) an Authorised Firm ~~whose Licence permits it to carry on the Regulated Activities of Dealing in Investments;~~

(b) a Recognised Non-AIFC Member;

(c) Person intending to deal in Commodity Derivatives or Environmental Instruments who meets the criteria in GEN 1.1.14; or

(d) A Person by providing that Person with access to the facility, on which Investment Tokens are traded or cleared or both traded and cleared, in respect of their trading or clearing of Investment Tokens only.

(...)

3.6.5. Application for admission of Securities, Units in a Listed Fund or Derivatives to an Official List

(...)

(4) Subject to (5), an Authorised Investment Exchange must provide the AFSA with the following information in connection with an admission of Securities ~~(other than (i) Exempt Securities or (ii) Equity Securities in connection with Pre-IPO Listings)~~ or Units in a Listed Fund or Derivatives to its Official List:

(a) a copy of the listing application and supporting documents (if applicable) - at least ~~10~~ 2 business days before the admission;

(b) a copy of the assessment of the listing application carried out by the Exchange together with a notice of its decision in relation to the listing application - at least ~~5~~ 2 business days before the admission; and

(c) any information requested by the AFSA.

~~(4-1) Subject to (5), an Authorised Investment Exchange must provide the AFSA with the following information in connection with an admission of Exempt Securities to its Official List or Equity Securities to its Official List under the sub-heading "Pre-IPO Listings":~~ **[intentionally omitted]**

~~(a) a copy of the listing application and supporting documents (if applicable) — at least 5 business days before the admission;~~

~~(b) a copy of the assessment of the listing application carried out by the Exchange together with a notice of its decision in relation to the listing application — at least 2 business days before the admission; and~~

~~(c) any information requested by the AFSA.~~