

Consultation Paper

AFSA-P-CE-2025-0002

Consultation Paper on the amendments to the AIFC Digital Assets 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 the proposed amendments to the AIFC Digital Assets framework.

Who should read this CP?

2. The proposals outlined in this paper will be relevant for current and potential AIFC Participants engaged in activities related to Digital Assets, as well as for the broader market and other 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 the AIFC Glossary (GLO). 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 relevant stakeholders on the proposed framework. All comments should be in writing and sent to the email specified below. If sending your comments by email, please use “Consultation Paper AFSA-P-CE-2025-0002” 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.
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 the AIFC Rules.

PART I – BACKGROUND

1. The digital assets sector has been, and continues to be, one of the key priority areas for market development within the AIFC. In line with this strategic focus, the AFSA introduced a dedicated regulatory framework, the AIFC Rules on Digital Asset Activities (DAA Rules), which came into effect on 1 January 2024. The framework was designed to support the growth of the sector by providing regulatory clarity, safeguarding market integrity, and enabling responsible innovation. Over the past year, the sector has demonstrated remarkable momentum, driven by both institutional engagement and growing investor interest.
2. It has now been some time since the DAA Rules came into effect, offering the AFSA the opportunity to observe their implementation and identify areas for improvement. Over the course of 2024, supervisory observations and engagement with market participants highlighted several aspects of the framework that could benefit from clarification or further development. In light of these observations, the AFSA undertook a broader review of selected areas within the existing framework to assess its proportionality and practical application.
3. A key area of focus was the regulatory treatment of firms whose business models do not involve holding or controlling Digital Assets, or the use of distributed ledger technology (DLT), particularly in the context of Fund Managers of Digital Asset Funds and advisory firms. Applying the full Digital Asset Service Provider (DASP) regime to such entities raised concerns about the proportionality of certain requirements, particularly those relating to technology governance, systems controls, and security measures. The review also covered other areas, including capital requirements, membership scope, and Digital Asset admission to trading.
4. Taking into account our supervisory experience, the feedback received from the market, and analysis of international best practices, AFSA is proposing a set of targeted refinements to the DAA Rules. These amendments aim to enhance regulatory clarity, ensure proportionality, maintain investor protection, and support responsible innovation.

PART II – LEGISLATIVE PROPOSALS

A. Amendments in the treatment of DASPs

5. Under the current framework, all firms conducting activities in relation to Digital Assets fall within the scope of DASPs. In accordance with 1.1 DAA Rules, a Person carrying out any of the following Regulated Activities in relation to Digital Assets in or from the AIFC is subject to the requirements set out in the DAA Rules:
 - Operating a Digital Asset Trading Facility;

- Dealing in Investments as Principal;
 - Dealing in Investments as Agent;
 - Managing Investments;
 - Managing a Collective Investment Scheme¹;
 - Providing Custody;
 - Arranging Custody;
 - Advising on Investments;
 - Arranging Deals in Investments; and
 - Providing Money Services.
6. Accordingly, any Regulated Activity involving Digital Assets shall be treated as a DASP activity, irrespective of the specific services offered, and must comply with the following requirements:
- Mandatory appointments;
 - Technology governance, controls and security;
 - Policies, procedures, and public disclosures;
 - Provision of key features document and disclosure of risks.
7. However, throughout 2024, feedback from supervisory experience revealed certain regulatory challenges, particularly with respect to Fund Managers of Digital Asset Funds and firms providing Advisory Services, whose activities may not necessarily involve holding or controlling Digital Assets, or the use of DLT. The application of regulatory requirements that may be considered excessive in their context, especially those relating to technology governance, systems controls, and security measures, gave rise to concerns regarding the proportionality of the regulatory approach and whether a differentiated treatment should be adopted.

Introduce classification criteria to allow the disapplication of certain DAA requirements where firms do not hold or control Digital Assets or use DLT in the delivery of services.

8. Accordingly, we propose to introduce criteria under which certain DAA Rules requirements would not apply when the services do not involve holding or

¹ Please note that a discrepancy has been identified in the AIFC Glossary regarding the list of Regulated Activities included in the definition of a DASP. Specifically, the activity of Managing a Collective Investment Scheme was not included, although the DAA Rulebook clearly brings this activity within the scope of DASP and sets out specific requirements applicable to it. This inconsistency will be addressed to ensure alignment between the Glossary and the DAA Rulebook.

controlling Digital Assets, or the use of DLT or similar technology in the delivery of Regulated Activities. However, other requirements under the DAA Rules, including those related to risk management, disclosure, and reporting, remain applicable. This ensures consistent classification and oversight while allowing for proportional application of specific obligations.

Disapply specific DAA requirements subject to the proposed criteria

9. To support a more proportionate regulatory approach, we have conducted a detailed review of the DAA requirements to identify obligations that may impose undue burden. As a result, we propose considering the disapplication of certain requirements listed below in cases where the Authorised Firm does not hold or control Digital Assets or relies on DLT or similar technology to conduct one or more of the Regulated Activities in relation to Digital Assets:
 - a) Governance and Mandatory appointments under DAA Rule 3.3 (requirements to the Board of Directors and appointment of Chief Information Technology Officer);
 - b) Technology governance, controls and security under DAA Rule 3.4 (full-scope technology and cybersecurity obligations).

Apply the annual technology and governance audit requirement to all Fund Managers with any exposure to Digital Assets

10. According to the DAA Rules, a DASP is required to appoint a qualified independent third-party to conduct an annual audit of compliance with technology and governance requirements, and provide a written report with audit results, confirming compliance, and listing recommendations. This provision already explicitly applies only to DASPs that hold or control digital assets or use DLT to conduct Regulated Activities such as dealing, arranging, managing, advising on investments, providing custody, or managing a fund with 10% or more of its assets in Digital Assets.
11. To ensure consistency, AFSA proposes to remove the existing threshold of 10% Digital Asset exposure and apply the annual technology and governance audit requirement to all Fund Managers with any level of Digital Asset exposure. This aligns with our regulatory approach under the CIS Rules, where Digital Asset Funds are introduced as a type of Specialist Fund without minimum exposure thresholds. A Digital Asset Fund includes any Fund that invests in Digital Assets admitted to trading on an AFSA-licensed DATF, or on a foreign regulated facility in a jurisdiction that meets FATF, OECD, and AFSA cooperation standards.

B. Revising capital requirements for Digital Asset Trading Facility (DATF) Operators

12. Last year, market participants encountered challenges in interpreting the methodology for calculating capital requirements for an Authorised Firm operating a DATF. This was primarily due to the absence of a clear definition of “working capital” and ambiguity around whether the positive, negative, or an average of forecast scenarios should be used in the calculation. Having reviewed various approaches to capital requirement calculation, we propose replacing “working capital” with “operational expenses” calculated based on realistic 12-month business forecasts, with the requirement set as the higher of USD 200,000 or the forecasted amount.

C. Expanding Membership eligibility for DATFs

13. Under the DAA Rulebook, a DATF Operator may only admit as a Member a Person who satisfies the admission criteria set out in its Membership Rules and which is:
- a) an Authorised Firm whose Licence permits it to carry out the Regulated Activities of Dealing in Investments as Principal or Dealing in Investments as Agent;
 - b) a Recognised Non-AIFC Member; or
 - c) a Body Corporate or an individual (natural person) which carries out the activity solely for its own investment purposes, where such trading does not constitute Dealing in Investments as Principal by way of business.
14. We have received a market proposal advocating for the expansion of the membership criteria for authorised firms to encompass activities beyond broker-dealer roles. This suggestion aims to include a wider range of regulated entities as eligible members. AFSA has reviewed regulatory frameworks in several leading jurisdictions, including the DIFC, ADGM, VARA, the European Union, and Singapore. These jurisdictions generally permit a wide range of authorised firms to access trading platforms, without limiting participation based on licence classifications. Accordingly, AFSA proposes to remove the licence-type restriction for DATF membership to promote competitive neutrality, increase market efficiency, and ensure consistency with AFSA’s regulatory practices as applied in other sectors.

D. Amending notification process for admission of Digital Assets to trading

15. Under the current DAA Rules, a DATF Operator must notify the AFSA at least 10 calendar days before admitting a Digital Asset to trading. This requirement was introduced to allow sufficient time for potential supervisory intervention. However, AFSA’s supervisory experience has shown that this pre-notification has limited practical value, particularly given that responsibility for the eligibility and compliance of listed Digital Assets lies with the DATF Operator. Where firms have robust internal governance such as a formal Listing Committee, documented listing criteria, and effective

compliance controls, AFSA considers that a post-admission notification model offers a more proportionate and risk-based approach, without undermining regulatory objectives.

16. AFSA therefore proposes to amend the existing rule by replacing the 10-day pre-notification period with a 3-business day post-admission notification, conditional upon the DATF Operator maintaining adequate internal safeguards. However, for firms operating under the FinTech Lab, certain limitations may be imposed where necessary.

PART III – PUBLIC CONSULTATION QUESTIONS

Question 1: Do you support the introduction of criteria to enable the disapplication of specific DAA Rulebook requirements where a firm does not hold/control Digital Assets or use DLT? In your view, are the proposed criteria sufficient and appropriate?

Question 2: Do you agree with the proposed disapplication of the following DAA requirements for firms meeting the above criteria:

- a) Governance and mandatory appointments under DAA Rule 3.3?
- b) Technology governance, controls and security under DAA Rule 3.4?

Question 3: Do you agree with AFSA's proposal to extend the annual technology and governance audit requirement to all Fund Managers with any level of Digital Asset exposure, removing the current 10% threshold? If not, please explain your concerns.

Question 4: Do you support the proposed revision of capital requirements for DATF Operators to replace "working capital" with "operational expenses" based on 12-month business forecasts, with a floor of USD 200,000? Do you agree this change will improve clarity and proportionality?

Question 5: Do you support AFSA's proposal to remove the licence-type restriction for DATF membership under the DAA Rules? If not, explain your reasoning.

Question 6: Do you agree with the proposal to replace the 10-day pre-notification requirement for admitting Digital Assets to trading with a 3-business day post-admission notification, subject to appropriate safeguards? Should any additional conditions or safeguards apply to this model?

Question 7: Do you have any additional comments on the proposed amendments to the DAA framework?

PROPOSED AMENDMENTS TO AIFC RULES

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

AIFC RULES ON DIGITAL ASSET ACTIVITIES

(...)

2.2. Requirements for Digital Asset Trading Facility Operator authorisation

The AFSA may not grant authorisation or variation to operate a Digital Asset Trading Facility unless the applicant satisfies all of the following requirements:

- (1) general authorisation requirements applicable to the applicant under the Framework Regulations and other applicable rules, and
- (2) the applicant must ensure that it maintains at all times capital resources ~~in the amount~~ no lower than the capital requirements specified in Table 1 by reference to the activity that the Authorised Firm is licensed to conduct or, if it is authorised to conduct more than one such activity, the amount that is the higher or highest of the relevant amounts in Table 1.

Table 1

Regulated Activity	Capital requirement (USD)
Operating a Digital Asset Trading Facility	The higher of (i) 200,000 or (ii) an amount equal to <u>sufficient working capital operational expenses</u> in fiat currency to continue business for a period of 12 months, based on realistic forecasts for the business in different market conditions (both negative and positive scenarios)
Providing Custody (in relation to Digital Assets)	250,000

- (3) In determining whether the Digital Asset Trading Facility Operator meets the capital requirement(s) ~~and, in particular, has sufficient working capital to continue business on a go-forwards basis~~, the Digital Asset Trading Facility Operator must have regard to the following matters:
 - (a) the business carried out, or to be carried out by the Digital Asset Trading Facility Operator;
 - (b) the risks to the continuity of the services provided by, or to be provided by, the Digital Asset Trading Facility Operator, including any outsourced services (including services outsourced to a Group entity where applicable);
 - (c) the liabilities to which the Digital Asset Trading Facility Operator is exposed or could be exposed to, including as a result of any failure by any third party; and

- (d) the means by which the Digital Asset Trading Facility Operator manages and, if the Digital Asset Trading Facility Operator is a member of a Group, by which other members of the Group manage, the occurrence of risk in connection with the Digital Asset Trading Facility Operator's business.

Guidance

Intangible assets, including goodwill, cannot be used as part of determining whether the capital requirement value is met ~~or whether the Digital Asset Trading Facility Operator has sufficient working capital~~, and must be disregarded when determining whether the requirements are met for the purposes of Table 1.

(...)

2.6.Membership

2.6.1. Persons eligible for Membership

A Digital Asset Trading Facility Operator may only admit as a Member a Person who satisfies the admission criteria set out in its Membership Rules and which is:

(a) an Authorised Firm ~~whose Licence permits it to carry out the Regulated Activities of Dealing in Investments as Principal or Dealing in Investments as Agent;~~

(b) a Recognised Non-AIFC Member; or

(c) a Body Corporate or an individual (natural person) which carries out the activity solely for its own investment purposes, where such trading does not constitute Dealing in Investments as Principal by way of business.

(...)

2.8.2. Admission criteria

(...)

(5) If a Digital Asset Trading Facility Operator decides to admit a Digital Asset to trading, the Digital Asset Trading Facility Operator is required to notify the AFSA ~~10 days prior to the date of~~ within 3 business days following the admission of the Digital Asset to trading.

Guidance:

The notification must include details of the internal assessment conducted, confirmation of compliance with DAA 2.8 and identification of any material risks associated with the Digital Asset.

(...)

3. RULES APPLICABLE TO DIGITAL ASSET SERVICE PROVIDERS

This Part 3 applies to a Person carrying on, in or from the AIFC, one or more of the following Regulated Activities in relation to Digital Assets:

- (a) Dealing in Investments as Principal;

- (b) Dealing in Investments as Agent;
- (c) Managing Investments;
- (d) Managing a Collective Investment Scheme;
- (e) Providing Custody;
- (f) Arranging Custody;
- (g) Advising on Investments; and
- (h) Arranging Deals in Investments.

The requirements in DAA 3.3 and 3.4 do not apply if the services provided on behalf of, or for, clients do not involve the holding or control of Digital Assets, nor the use of DLT or similar technology to carry on the Regulated Activities in relation to Digital Assets.

A Digital Asset Service Provider must incorporate into its internal documents the substance of additional provisions relevant to Derivatives to be found in the COB Rules, for the purpose of regulating operations in Digital Assets Derivatives.

(...)

3.2. Requirements for Digital Asset Service Providers

(...)

(2) In determining whether a Digital Asset Service Provider meets the capital requirement(s) and, in particular, ~~has sufficient working capital to continue business on a go-forwards basis,~~ the Digital Asset Service Provider must have regard to the following matters:

- (a) the business carried out, or to be carried out by the Digital Asset Service Provider;
- (b) the risks to the continuity of the services provided by, or to be provided by, the Digital Asset Service Provider, including any outsourced services (including services outsourced to a Group entity where applicable);
- (c) the liabilities to which the Digital Asset Service Provider is exposed or could be exposed to, including as a result of any failure by any third party; and
- (d) the means by which the Digital Asset Service Provider manages and, if the Digital Asset Service Provider is a member of a Group, by which other members of the Group manage, the occurrence of risk in connection with the Digital Asset Service Provider's business.

Guidance

Intangible assets, including goodwill, cannot be used as part of determining whether the capital requirement value is met ~~or whether the Digital Asset Service Provider has sufficient working capital,~~ and must be disregarded when determining whether the requirements are met for the purposes of Table 2.

A Digital Asset Service Provider may carry on the Regulated Activities only in relation to Digital Assets and may not carry on the Regulated Activities in relation to other Investments unless for circumstances which could be approved by the AFSA on a case-by-case basis.

(...)

3.3.2. Board of Directors of a Digital Asset Service Provider

(1) A Digital Asset Service Provider must have an effective Board of Directors which is collectively accountable for ensuring that the Digital Asset Service Provider's business is managed prudently and soundly. At least one-third of the Board of Directors should comprise independent Directors.

Note: Rule 23.3.2(1) will come into force 12 months after the commencement of these Rules.

(...)

3.4.8. Technology audit reports

~~(1) This Rule applies to a Digital Asset Service Provider that: [intentionally omitted]~~

~~(a) holds or controls Digital Assets;~~

~~(b) relies on DLT or similar technology to carry on one or more of the following Regulated Activities in relation to Digital Assets:~~

~~(i) Dealing in Investments as Principal;~~

~~(ii) Dealing in Investments as Agent;~~

~~(iii) Arranging Deals in Investments;~~

~~(iv) Managing Investments;~~

~~(v) Advising on Investments;~~

~~(vi) Providing Custody; or~~

~~(vii) Arranging Custody; or~~

~~(viii) is Managing a Collective Investment Scheme where 10% or more of the gross asset value of the Fund Property of the Fund consists of Digital Assets.~~

(2) The Authorised Firm must:

(a) appoint a suitably qualified independent third-party professional to:

(i) carry out an annual audit of the Authorised Firm's compliance with the technology resources and governance requirements that apply to it; and

(ii) produce a written report which sets out the methodology and results of that annual audit, confirms whether the requirements referred to in DAA 3.4.7 have been met and lists any recommendations or areas of concern;

(b) submit to the AFSA a copy of the report referred to in DAA 3.4.8. (2)(a)(ii) within 6 months of the financial year end; and

(c) be able to satisfy the AFSA that the independent third party professional appointed to carry out the annual audit has the relevant expertise to do so, and that the Authorised Firm has done proper due diligence to satisfy itself of that fact.