Consultation Paper

AFSA-PSRD-CSP-2026-0005

Targeted Amendments to the AIFC Rules

Unrestricted

15 July 2026

INTRODUCTION

Why are we issuing this Consultation Paper (CP)?

The Astana Financial Services Authority (AFSA) has issued this Consultation Paper (CP) to seek views on proposed targeted amendments to the AIFC Rules relating to Captive Insurance, protection of Client Assets, and Islamic finance.

Who should read this CP?

The proposals in this paper will be of interest to Captive Insurers, Authorised Firms who hold or control Client Investments, Provide Custody, Authorised Firms conducting Islamic Financial Business, and any other interested stakeholders.

Terminology

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?

We invite comments from interested stakeholders on the proposed amendments. All comments should be in writing and sent to the email specified below. When sending your comments by email, please use "Consultation Paper AFSA-PSRD-CSP-2026-0005" 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.

The deadline for providing comments on the proposed amendments is **15 September 2026**. Once we receive your comments, we shall consider if any refinements are required to this proposal.

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 amendments are enacted.

The AFSA prefers to receive comments by email at consultation@afsa.kz.

Structure of this CP

Part I – Background

Part II – Proposals relating to Captive Insurance

Part III – Proposals relating to protection of Client Assets

Part IV – Proposals relating to Islamic finance

Part V – Public Consultation Questions

Annex 1 – Proposed Targeted Amendments to the AIFC Rules

PART I – BACKGROUND

1. Through supervisory engagement and its ongoing iterative review of the AIFC regulatory framework, the AFSA has identified a number of gaps, inconsistencies, and areas where clarification is required. While these issues do not warrant a comprehensive review of the relevant frameworks, they require targeted amendments to enhance regulatory clarity and support effective supervision. Rather than deferring such changes until a broader review is undertaken, the AFSA considers it appropriate to address them through timely and focused amendments to the relevant AIFC Acts.

2. Accordingly, the AFSA has brought these proposals together in a single consolidated policy project introducing targeted amendments across a number of AIFC Acts. This approach allows separately identified issues to be considered through a coordinated policy process, promotes consistency in the development of the regulatory framework, and facilitates the implementation of targeted improvements.

3. The proposals in this Consultation Paper cover three key areas of the AIFC regulatory framework: captive insurance, protection of Clients' Assets, and Islamic finance.

PART II – PROPOSALS RELATING TO CAPTIVE INSURANCE

Clarification of "Group" Definition for Captive Insurers

Policy issue

4. While the presence of captive insurers demonstrates the growing diversity of the AIFC's insurance market, a discrepancy exists regarding the classification of Captive Insurers. Under PINS 14.1.1-1, the classification of such entities relies on a general understanding of the "group" concept. This creates legal ambiguity and interpretational conflicts when determining whether an insurer's business qualifies as "captive" or if the company must operate under the more stringent general insurance requirements. This ambiguity presents a specific regulatory risk: because captive insurers benefit from lower capital and operational requirements, the absence of a link to a strictly codified definition of a "Group" leads to potential regulatory arbitrage.

5. To resolve these issues, the AFSA looked to the benchmarks of the DIFC and ADGM. In the DIFC GLO, the term "Parent" is clearly defined as a "Holding Company". This definition is then backed by the DIFC Companies Law, which provides the specific qualifiers, such as owning the majority of shares or controlling the board, needed to prove a parent-subsidiary relationship. The AIFC legal framework is structured in a similar manner, yet it lacks the necessary connectivity between the AIFC Acts. Currently, GLO defines a "Holding Company" (by reference to the AIFC Companies Regulations) as a "holding Body Corporate that is a Company." However, there is no explicit link to the definition of "Group", "Parent", or "Subsidiary" in the classification of Captives in PINS and between the term "Parent" and "Holding Company" in GLO.

Policy proposal

6. It is proposed to introduce a new provision in PINS 10, which governs all insurers that are members of Groups, establishing an authoritative and codified definition of "Group" for the purposes of the entire PINS rulebook. Under proposed PINS 10.1.1-1, "Group" is defined as a group of entities which includes a first entity and: (a) any Parent of the first entity; and (b) any Subsidiaries, direct or indirect, of the Parent or Parents of the first entity. "Parent" is defined as a Holding Company, with the definition of Holding Company drawn from GLO by reference to the AIFC Companies Regulations as a holding Body Corporate that is a Company. This connects the Group concept to objective, codified criteria: majority voting rights, board appointment or removal rights, and contractual control of voting rights, as established in the AIFC Companies Regulations.

Captive Insurance Definitional Inconsistencies

Policy issue

7. There is an inconsistency between the GLO and PINS definitions of Captive Insurers. While PINS defines a Captive Insurer by reference to the class system, the GLO retains the original broad, unclassified formulation, under which a Captive Insurer is treated in effect as strictly an entity that insures only the business or operations of the Group to which it belongs. As a result, the two definitions operate independently and are capable of diverging in scope.

Policy proposal

8. It is proposed to resolve the inconsistency between the GLO and PINS definitions of Captive Insurers by converting the GLO definitions of Captive Insurance Business and Captive Insurer into cross-references to PINS. While PINS defines a Captive Insurer by reference to the class system, the GLO retains the original broad, unclassified formulation, under which a Captive Insurer is treated in effect as strictly an entity that insures only the business or operations of the Group to which it belongs.

9. Specifically, the GLO definition of Captive Insurance Business is amended to read "has the meaning given in PINS 14.1.2" and the GLO definition of Captive Insurer is amended to read "has the meaning given in PINS 14.1.1". This ensures that the GLO cannot diverge from the PINS classification regime in the future, as both definitions now derive their content directly from PINS rather than operating independently.

PART III – PROPOSALS RELATING TO PROTECTION OF CLIENT ASSETS

Policy issue

10. The AIFC Conduct of Business Rules (COB) establish custody requirements designed to protect Client Assets (Money and Investments) held by Authorised Firms in the event of insolvency or an inability to fulfil obligations. The framework applies to firms that receive, hold, or control Money and Investments in connection with Investment Business, Providing Money Services, or Providing Custody, with certain provisions extending to firms on Arranging Custody. It already imposes due diligence obligations on Third Party Account Providers (COB 8.2.11 for Client Money and 8.3.8 for Client Investments) alongside record-keeping

requirements (COB 8.2.20 and 8.3.15 respectively). Together, these provisions afford a considerable degree of asset identifiability.

11. The existing framework therefore provides a solid foundation for client asset protection. The review nonetheless identified three areas where it could be further strengthened: asset identifiability controls, external audit requirements, and crisis preparedness.

12. ESMA's 2016 consultation on omnibus accounts and asset segregation under AIFMD identified four pillars of effective client asset protection: independent legal advice on applicable insolvency laws and their recognition of segregated assets; accurate records of clients' rights and entitlements; frequent reconciliations; and due diligence on sub-custodians. Three of these four pillars are already embedded in the current COB framework. The fourth, independent legal advice, is not proposed for introduction at this stage: it is absent from peer jurisdictions' frameworks, and the re-introduction of the external audit requirement offers a proportionate alternative means of securing the underlying operational safeguards.

13. Peer jurisdictions informed each of three proposals. The DFSA's COB requirement on assets being identified and controlled at all times. The DFSA's GEN 8.6 provides the model for the external audit requirement proposal. Finally, the crisis management planning requirements in the FCA's Client Assets Sourcebook (CASS) and the DFSA's equivalent provisions informed the Crisis Preparedness Pack proposal.

Policy proposals

Asset Identifiability Controls

14. To strengthen the asset identifiability dimension of the custody framework, the AFSA proposes to introduce a new obligation under COB 8.1.4. While the existing framework already affords a considerable degree of asset identifiability through its Third Party Account Provider and record-keeping requirements, the AFSA concluded that an explicit asset location requirement of the kind imposed on prime brokers by the FCA and FSRA would not be appropriate for the AIFC at this stage of market development. It is therefore proposed to introduce a new provision under COB 8.1.4 requiring Authorised Firms to maintain systems and controls for ensuring that Client Assets are always identifiable and secure.

External Audit Requirement for Client Assets

15. The AFSA further proposes to address the absence of a mandatory external audit requirement for Client Assets. To rectify this, it is proposed to introduce a requirement in GEN 6.3.9 ("Audit Reports"), obliging Authorised Firms to produce: a Client Money Auditor's Report, in accordance with AUD Annex A; a Client Investments Auditor's Report, in accordance with AUD Annex B; and an Insurance Intermediary Auditor's Report, in accordance with AUD Annex C. This leads to consequential technical amendments to AUD and GLO, specifically updating AUD 9.2.1 and relevant GLO definitions to connect them to GEN 6.3.9, thereby closing the reference loop.

Client Assets Crisis Preparedness Pack

16. To strengthen firms' preparedness for insolvency and resolution scenarios, the AFSA proposes to introduce a dedicated Client Assets Crisis Preparedness Pack requirement. Proposed new provisions under COB 8.1.6, 8.2.4 and 8.3.4 would require Authorised Firms to

prepare and maintain a dedicated Client Assets Crisis Preparedness Pack ("the Pack"). The Pack would consolidate key information necessary to identify, recover, and return Client Assets in crisis scenarios such as insolvency. Its contents would include, among other things, a master document containing information sufficient to retrieve each component of the Pack, a comprehensive master list of all Client Accounts, records of the most recent reconciliations, details of Third Party Account Providers, and copies of the firm's Client Asset policies and procedures. The Pack is designed to enable relevant stakeholders, including insolvency practitioners, accountants, legal advisers, and the AFSA, to act swiftly and efficiently in crisis situations.

17. In terms of scope, it is acknowledged that where an Authorised Firm merely controls Client Assets held in the client's own name, those assets do not require return in a crisis and accordingly the Pack requirement would not apply in such cases. Recognising the operational effort required to compile the Pack, a transitional period is proposed to allow Authorised Firms sufficient time to meet the new obligation.

18. In connection with the proposed amendments in relation to "the Pack", it is also proposed to introduce an associated requirement for Authorised Firms to maintain a comprehensive master list of all Client Accounts, covering both Client Money and Client Investments, including key details such as account name, number, location, status, and relevant opening or closure dates. This list must be properly documented and retained for a minimum of six years following the closure of each account.

PART IV – PROPOSALS RELATING TO ISLAMIC FINANCE

Amendments to IBB Chapter 13 for Restricted Profit-Sharing Investment Accounts (RPSIAs)

Policy issue

19. While the AIFC has established a foundational Islamic finance framework with a growing number of market participants, the AFSA has identified a regulatory gap in the treatment of Restricted Profit-Sharing Investment Accounts (RPSIAs) under IBB. In particular, while IBB contains detailed provisions governing Unrestricted Profit-Sharing Investment Accounts (UPSIAs), equivalent provisions applicable to RPSIAs are absent from the existing framework, creating regulatory and supervisory uncertainty. The proposed amendments to IBB Chapter 13 address this gap.

Policy proposal

20. Since the AFSA does not have a separate rulebook equivalent to QFC's Investment Advisory Rules (INMA), it is proposed to incorporate provisions relevant to RPSIAs under the existing Profit-Sharing Investment Account provisions in IBB, while also clarifying the scope of existing regulations. In developing this approach, the AFSA drew on the frameworks adopted by the QFC.

21. Four specific amendments are proposed: (1) clarification of the chapter's applicability scope to RPSIAs; (2) a requirement to comply with AAOIFI FAS 30 and 35, which superseded FAS 11; (3) a fund segregation requirement; and (4) a provision on periodic statements interval.

22. It is first proposed to clarify that Chapter 13 of the IBB also applies to an Islamic bank (including broker-dealers as per the application of IBB) in its capacity as manager of a Restricted PSIA. An Islamic bank that manages a Restricted PSIA must comply with all applicable provisions of the Chapter, with the specific requirements set out in IBB 13.6(2), 13.7(n), and 13.10(2), except for specific banking requirements starting from IBB 13.11 to 13.20.

23. In line with the approach taken in QFC, it is proposed to introduce a requirement for firms Managing an RPSIA to comply with AAOIFI FAS 30 and 35, which superseded FAS 11. FAS 30 addresses the recognition and measurement of impairment and credit losses on Islamic financial assets; FAS 35 addresses the accounting treatment of risk reserves established to protect Investment Account Holders (IAHs).

24. Furthermore, the fund segregation requirement is essential because the restricted mandate creates a specific and identifiable pool of assets that the IAH has defined and entrusted to the manager for a particular purpose. That purpose-specificity gives the assets a character distinct from the manager's own funds, from other PSIA pools, and from the general estate of the firm. Without segregation, that distinction collapses in practice: assets can be commingled, exposing the IAH's pool to the firm's general creditors in an insolvency, to losses arising from other mandates, or to conflicts between the firm's proprietary interests and its fiduciary obligations to the IAH.

25. Regarding the periodic statements' interval, the determination of reporting frequency currently rests with the firm, with a period no longer than six months. That is appropriate for unrestricted PSIAs, where the IAH has handed funds over without defining how they are to be managed. A restricted PSIA is a fundamentally different relationship: for the IAH, reporting frequency is not an administrative detail but part of the substance of the oversight right that the restricted mandate implies. It is proposed that the reporting interval be agreed between the parties rather than imposed unilaterally by the firm, ensuring that the IAH's reporting needs, which will vary with the complexity and risk profile of the mandate, are reflected in the contract.

Definition of an Islamic Financial Contract and Expansion of the Islamic Financial Contracts List

Policy issue

26. In addition to the RPSIA gap, the AFSA has also identified deficiencies in IFR 1.12, which sets out the Shari'ah-compliant contractual structures permissible within the AIFC framework. However, in its current form, the provision falls short in two material respects: it does not reflect the full range of instruments used in modern Islamic finance markets, and the term "Islamic Financial Contract" is capitalised in IFR 1.12 as a defined term yet is not defined, either in IFR or in the GLO, creating a structural gap in the framework.

Policy proposal

27. The proposed amendments to IFR 1.12 address two deficiencies: the absence of a definition of "Islamic Financial Contract", and some established contracts missing in the list of recognised contracts. On the definition, the AFSA looked at the approach taken in peer jurisdictions. The DFSA defines an Islamic Financial Contract as "any contract designed to comply with Shari'ah," while the FSRA defines it as "any contract that an appropriate SSB has designated

to be in compliance with Shari'ah". It is proposed to adopt the DFSA's formulation. This approach is objective and principle-based, focusing on the nature of the contract rather than firm-specific approvals, and ensures consistency across the AIFC market.

28. On the contracts list, it is proposed to add musawamah, wakala, variations of qard, and wa'd to the recognised contracts enumerated in IFR 1.12. Although the existing clause provides a residual category for "any other Islamic Financial Contract approved by the relevant Authorised Firm's SSB," explicit mentions of these contracts add clarity of the allowed financial contracts.

Miscellaneous Amendments

29. The AFSA also proposes a number of miscellaneous amendments to GLO to improve definitional consistency and ensure that key Islamic finance concepts are applied consistently across the AIFC regulatory framework.

30. Sukuk is already defined in the AFSA's IBB 12.1(2) as "certificates that represent a holder's proportionate ownership in an undivided part of an asset or pool of assets where the holder assumes all rights and obligations to the asset or pool". It is proposed to introduce this definition into the GLO to ensure a uniform interpretation of the term across all AIFC Acts.

31. Additionally, it is proposed to introduce a definition of "Islamic Securities." Both the DFSA and FSRA define Islamic Securities as "any Security Offered, or held out expressly or implicitly, as Islamic or Shari'ah compliant". The AFSA proposes to adopt this definition to provide clarity on the scope of Securities that are presented or marketed as Islamic or Shari'ah compliant within the AIFC framework.

PART V – PUBLIC CONSULTATION QUESTIONS

Question 1: Do you agree with the proposed approach to the classification of Captive Insurers, including the introduction of a specific definition of "Group" in PINS and the resolution of the definitional inconsistency between GLO and PINS by converting the GLO definitions of "Captive Insurance Business" and "Captive Insurer" into cross-references to PINS?

Question 2: Do you agree with the proposed package of Client Asset protection measures, comprising: (i) the obligation on Authorised Firms to maintain systems and controls ensuring Client Assets are identifiable and secure at all times; (ii) the re-introduction of a mandatory external audit requirement for Client Assets; and (iii) the introduction of the Client Assets Crisis Preparedness Pack, including the requirement to maintain a comprehensive master list of all Client Accounts? Please provide any comments on the practical implementation of these proposals, including expected costs, and operational challenges.

Question 3: What transitional period do you consider reasonable for compliance with (i) the mandatory external audit requirement for Client Assets and (ii) the Client Assets Crisis Preparedness Pack and master list obligations? Please explain the basis for your suggested timeframes.

Question 4: Do you agree with the proposed amendments to the Islamic finance framework, including the treatment of Restricted Profit Sharing Investment Accounts (RPSIAs), the adoption of definitions of an Islamic Financial Contract, Sukuk, and Islamic Securities, and the expansion of the

list of recognised Islamic Financial Contracts to include musawamah, wakala, variations of qard, and wa'd?

Question 5: Do you have any other comments on the proposed targeted amendments to the AIFC Rules?

PROPOSED AMENDMENTS TO AIFC RULES

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

AIFC INSURANCE AND REINSURANCE PRUDENTIAL RULES

1 General provisions

(…)

1.5.9 Obligations in respect of ~~g~~Groups

An Insurer that is a member of a ~~g~~Group must comply with the requirements of PINS 10 (Insurers that are members of Groups).

(…)

6 Investment

(…)

6.1.2 Assets appropriate to liabilities

(…)

(2) In particular, an Insurer must:

(…)

(f) if it is part of an insurance ~~g~~Group, hold investments tailored to the characteristics of its liabilities and its needs and not be subject to undue influence from the wider objectives of the ~~g~~Group.

(…)

10 Insurers that are members of Groups

10.1.1 Application

PINS 10 applies to every Insurer that is a member of a Group.

10.1.1-1 Meaning of Group

(1) For the Purposes of PINS, Group is a group of entities which includes an entity (the 'first entity') and:

(a) any Parent of the first entity; and

(b) any Subsidiaries (direct or indirect) of the Parent or Parents in (a) or the first entity.

(2) Parent is a Holding Company. The definition of a Holding Company is provided in the Glossary as (as defined in the Companies Regulations) a holding Body Corporate that is a Company.

(…)

14 Captive Insurers

14.1 Introduction

(…)

14.1.1-1. Classification of Captive Insurer

(1) A Class 1 Captive Insurer is an AIFC Captive Insurer that is permitted under the conditions of its authorisation to effect or carry out Contracts of Insurance only for risks related to or arising out of the business or operations of the ~~g~~Group to which the Insurer belongs.

(2) A Class 2 Captive Insurer is an AIFC Captive Insurer that is permitted under the conditions of its authorisation to obtain no more than 20% of its gross written premium from third-party risks arising from business or operations that are closely linked to the business or operations of the ~~g~~Group to which the Insurer belongs.

(3) A Class 3 Captive Insurer is an AIFC Captive Insurer that:

(a) is permitted under the conditions of its authorisation to effect or carry out Contracts of Insurance only for risks related to or arising out of the business or operations of persons who engage in similar, related or common:

i. businesses; or

ii. activities; or

iii. trade; or

iv. services; or

v. operations; and

(b) is owned by the persons mentioned in paragraph ~~(i)~~ (a) or by a body corporate of which all such persons are members such as ~~g~~Group captives.

AIFC GENERAL RULES

(…)

6 SUPERVISION

(…)

6.3 Accounting / Auditing

(…)

6.3.9 Audit reports

An Authorised Person must:

(a) require, in writing, its Auditor to:

(i) conduct an audit of and produce a report on the Authorised Person's financial statements in accordance with the International Standards on Auditing;

(ii) produce, if the Authorised Firm is permitted to control or hold Client Money, a Client Money Auditor's Report in accordance with the Rules in AUD Annex A;

(iii) produce, if the Authorised Firm is permitted to hold or control Client Investments or Provide Custody of Client Investments, a Client Investments Auditor's Report in respect of that business as applicable, in accordance with the Rules in AUD Annex B;

(iv) produce, if the Authorised Firm is permitted to control or hold Client Money, an Insurance Intermediary Auditor's Report in accordance with the Rules in AUD Annex C; and

~~(ii)~~ (v) such other reports as the AFSA may require; and

(b) submit any reports so produced to the AFSA within four months of the Authorised Person's year end.

(…)

AFSA

AIFC CONDUCT OF BUSINESS RULES

8. CLIENT ASSETS

8.1 Application

(…)

8.1.4 General requirements

(1-1) An Authorised Firm must have systems and controls to ensure that Client Assets are identifiable and secure at all times.

(1) An Authorised Firm which receives Money from, or holds Money for or on behalf of, a Client in the course of, or in connection with, the carrying on of Investment Business or Provides Money Services in or from the AIFC must comply with COB 8.2.

(2) An Authorised Firm which holds Investments belonging to a Client in the course of, or in connection with, the carrying on of Investment Business in or from the AIFC, Provides Custody or Provides Money Services in or from the AIFC must comply with COB 8.3.

(3) A Client whose Investments or Money is required to be held in compliance with either COB 8.2 or COB 8.3 is a "Segregated Client".

(4) An Authorised Firm which controls Money or Investments belonging to a Client under a Mandate but does not receive or hold that Money or those Investments itself must comply with COB 8.4.

(5) An Authorised Firm that holds Client Assets in any of the circumstances specified in COB 8.1.3 (a) to (c) must comply with COB 8.1.6.

(…)

8.1.6 Client Assets Crisis Preparedness Pack

(1) An Authorised Firm must prepare and maintain in accordance with this section a Client Assets Crisis Preparedness Pack ("Client Assets Pack").

(2) An Authorised Firm must include, as applicable, in its Client Assets Pack:

(a) a master document containing information sufficient to retrieve each document in its Client Assets Pack;

(b) a copy of the master lists of all Clients Accounts maintained under COB 8.2.4 and 8.3.4;

(c) records of the most recent reconciliations performed under sections COB 8.2.21, 8.2.22, 8.2.23, 8.2.24 and COB 8.3.16, 8.3.17;

(d) records and written permissions on the use of the Client Investment, obtained by the Authorised Firm under COB 8.3.11;

(e) a document which identifies the Third Party Account Providers the Authorised Firm has appointed under this chapter and any Client Accounts held by those Third Party Account Providers;

(f) for each Third Party Account Provider identified in (e), a copy of each executed agreement, including any side letters or other agreements used to clarify or modify the terms of the executed agreement, between that Third Party Account Provider

and the Authorised Firm that relates to the holding of Client Assets, including any written acknowledgment received pursuant to COB 8.2.12 or COB 8.3.9;

(g) a document which:

(i) identifies each third party, and each branch of the Authorised Firm outside the AIFC, which the Authorised Firm uses to perform operational functions related to any obligations imposed on the Authorised Firm under this chapter;

(ii) details, for each third party or branch identified in (i), of:

(A) the related operational functions;

(B) how to access relevant information held by that third party or branch; and

(C) how to effect a transfer of Client Assets held by the Authorised Firm but controlled by that third party or branch;

(h) a copy of each executed agreement, including any side letters or other agreements used to clarify or modify the terms of the executed agreement, between the Authorised Firm and the third party identified in paragraph (g)(i);

(i) a document which identifies each individual, and the nature of their responsibility, within the Authorised Firm who is critical or important to the performance of operational functions related to any obligations imposed on the firm by this chapter; and

(j) a copy of the Authorised Firm's policies and procedures maintained to comply with COB 8.1.4(1-1).

(3) An Authorised Firm must review the content of its Client Assets Pack on an ongoing basis to ensure that it remains accurate and up to date.

(4) If any change of circumstances has the effect of making the content of the Client Assets Pack inaccurate or out of date, an Authorised Firm must update the Client Assets Pack promptly and, in any event, no later than five business days after the change of circumstances occurred.

(5) In relation to every document, an Authorised Firm must, subject to (6):

(a) put in place adequate arrangements to ensure that a liquidator, receiver or administrator, trustee in bankruptcy or analogous officer appointed in respect of it or any material part of its property is able to retrieve each document as soon as practicable and in any event within 48 hours of that officer's appointment; and

(b) ensure that it is able to retrieve each document as soon as practicable and in any event within 48 hours if requested by the AFSA.

(6) In relation to every document, an Authorised Firm must ensure that the following records and documents can be retrieved immediately under (5):

(a) the records of the most recent reconciliations referred to in COB 8.1.6(2)(c);

(b) the document identifying the Third Party Account Providers and any Client Accounts held by those Third Party Account Providers referred to in COB 8.1.6(2)(e); and

(c) the document identifying the individuals referred to in COB 8.1.6(2)(i).

(7) Where an Authorised Firm relies on the continued operation of certain systems to provide a component document in its Client Assets Pack, it must have arrangements in place to ensure that the systems will remain operational and accessible to it after its insolvency, winding up or other Distribution Event.

Guidance

(i) COB 8.1.6 requires an Authorised Firm that Provides Custody or holds Client Assets in any of the circumstances specified in COB 8.1.3 (a) to (c) to prepare and maintain a Client Assets Crisis Preparedness Pack (Client Assets Pack). The purpose of this pack is to ensure that an Authorised Firm maintains, and is able to retrieve, information that would, in the event of its insolvency, winding up or other Distribution Event, assist an insolvency practitioner in achieving a timely return of Client Money and Client Investments as applicable, to the firm's Clients.

(ii) The Rules in this section specify the types of documents and records that must be maintained in a Client Assets Pack and the retrieval period for the documents included in the pack. An Authorised Firm should maintain the component documents of the Client Assets Pack in a way that they can be promptly retrieved in accordance with COB 8.1.6(7) and should not use the retrieval period to start producing these documents.

(iii) An Authorised Firm may hold in electronic form any document in its Client Assets Pack, provided that the document can be readily retrieved as required by COB 8.1.6(7).

(iv) To comply with COB 8.1.6(2)(e), an Authorised Firm should ensure that the document records the full name of the Third Party Account Provider, its postal and email address, its phone number and the numbers of all Client Accounts opened by the firm with that Third Party Account Provider.

(v) The reference to a third party which performs operational functions for the Authorised Firm in COB 8.1.6(2)(g) does not include a Third Party Account Agent.

(vi) For the purpose of COB 8.1.6(2)(i), examples of individuals within the Authorised Firm or elsewhere who are critical or important to the performance of operational functions include those necessary to carry out both internal and external Client Asset reconciliations and those in charge of Client documentation involving Client Assets.

8.2 Client Money: Investment Business

The rules in this COB 8.2 are the Client Money Rules.

(…)

8.2.4 Client Money Accounts

(1) A Client Money Account in relation to Client Money is an account which:

(a) is held with a Third Party Account Provider;

(b) is established for the purpose of holding Client Money;

(c) is maintained in the name of the Authorised Firm or a Nominee Company controlled by the Authorised Firm; and

(d) includes the words 'Client Account' in its title.

(2) An Authorised Firm must maintain a master list of all Client Accounts.

(3) The master list must detail:

(a) the name of the account;

(b) the account number;

(c) the location of the account;

(d) whether the account is currently open or closed; and

(e) the date of opening or closure.

(4) The details of the master list must be documented and maintained for at least six years following the closure of an account.

(…)

8.3 Client Investments Rules

The rules in COB 8.3 are the Client Investments Rules.

(…)

8.3.4 Client Investment Accounts

(1) A Client Investment Account is an account which:

(a) is held with a Third Party Account Provider or by an Authorised Firm which is authorised under its Licence to Provide Custody;

(b) is established for the purpose of holding Client Investments;

(c) when held by a Third Party Account Provider, is maintained in the name of the Authorised Firm or a Nominee Company controlled by the Authorised Firm; and

(d) includes the words 'Client Account' in its title.

(2) An Authorised Firm must maintain a master list of all Client Accounts.

(3) The master list must detail:

(a) the name of the account;

(b) the account number;

(c) the location of the account;

(d) whether the account is currently open or closed; and

(e) the date of opening or closure.

(4) The details of the master list must be documented and maintained for a minimum period of six years following the closure of an account.

(…)

AIFC AUDITOR RULES

9. FUNCTIONS OF AUDITORS, CONDUCT OF AUDITS AND PREPARATION OF AUDIT REPORTS

(…)

9.2 Conduct of Audits and Content of Reports

9.2.1 Standards of Reports

An Auditor must conduct an audit, and prepare the contents of any relevant audit report, referred to in AIFC legislation in accordance with the following table:

Audit Report	Requirement	Applicable Standards	Contents
Financial Statements – Authorised Person	GEN 6.3.9	International Standards on Auditing	ISA 700
Financial Statements – Company -	Section 137 of the Companies Regulations	International Standards on Auditing	ISA 700
Financial Statements – Reporting Entity	MAR 3.2.2		ISA 700
Financial Statements - Non-Exempt Fund	CIR 11.4(a)		ISA 700
AML Policies, Procedures, Systems and Controls – Authorised Person	AML 14.6.1		ISA 700 AML 14.6.1(b)
Client Money Auditor's Report	~~COB 8.2.19~~ GEN 6.3.9	International Standards on Assurance Engagement (ISAE) or International Standards on Related Services (ISRS)	Annex A
Client Investments Auditor's Report	~~COB 8.3.14~~ GEN 6.3.9		Annex B
Insurance Intermediary Audit Report	~~COB 11.8.15~~ GEN 6.3.9		Annex C

AIFC ISLAMIC BANKING BUSINESS PRUDENTIAL RULES

(…)

13. TREATMENT OF PSIAS AND ASSOCIATED RISKS

13.1 General

(1) Islamic banks typically raise funds through PSIAs, because interest-bearing deposits are not permitted by *Shari'ah.*

(2) This Chapter sets out the treatment of unrestricted PSIAs and the risks (rate of return risk, withdrawal risk and displaced commercial risk) that are associated with PSIAs.

(3) This Chapter also sets out:

(a) the responsibilities of an Islamic bank, as an unrestricted PSIA manager;

(b) the requirements for policies, warnings, terms of business, contracts and financial and other periodic statements in relation to PSIAs; and

(c) the techniques available to an Islamic Bank to mitigate the risks associated with PSIAs.

(4) This Chapter also applies to an Islamic bank in its capacity as manager of a restricted PSIA. An Islamic bank that manages a restricted PSIA must comply with all provisions of this Chapter, except for IBB 13.11 to 13.20, and with the specific requirements set out in IBB 13.6(2), 13.7(n), and 13.10(2),

(…)

13.6 ~~Warnings to investment account holders~~ PSIA managers' responsibilities

(1) An Islamic Bank must warn a prospective IAH in writing that:

(a) the IAH bears the risk of loss to the extent of the IAH's investment; and

(b) the IAH would not be able to recover that loss from an Islamic Bank, except in the case of negligence, misconduct, fraud or breach of contract on the part of an Islamic Bank.

(2) An Islamic Bank that manages a restricted PSIA must maintain adequate provisions and reserves against equity and assets in accordance with AAOIFI FAS 30 and FAS 35.

13.7 Terms of business

An Islamic Bank must ensure that the following information is included in the terms of business given to an IAH:

(a) how and by whom the funds of the IAH will be managed and invested;

(b) the PSIA's investment objectives and details of its policy on diversification;

(c) the basis for allocating profits and losses;

(d) a summary of the policies for valuing the PSIA's assets;

(e) if an Islamic Bank uses PER or IRR as a smoothing technique, a summary of the policies for transferring funds to and from the reserve;

(f) particulars of the management of the PSIA;

(g) particulars of the management of any other person to whom the owner has outsourced, or will outsource, the management of the PSIA, including:

(i) the person's name;

(ii) the person's regulatory status; and

(iii) details of the arrangement;

(h) details of any arrangement for early withdrawal, redemption or other exit and any costs to an IAH as a result;

(i) confirmation of the IAH's investment objectives;

(j) whether funds from the PSIA will be mixed with the funds of any other PSIA;

(k) any applicable charges and the basis on which such charges will be calculated;

(l) any fees that an Islamic Bank can deduct from the profits of the PSIA;

(m) how the IAH can monitor the performance of investments and associated risks~~.~~;

(n) where PSIA is a restricted PSIA, how the IAH's investment will be segregated from the Islamic bank's own funds and from any claims by the Islamic bank's creditors.

(…)

13.10 Periodic statements

(1) An Islamic Bank must give each IAH of a PSIA a periodic statement about the PSIA at intervals stated in the contract or terms of business. The interval must not be longer than 6 months.

(2) Where the PSIA is a restricted PSIA, the interval referred to in sub-rule (1) must be agreed with the IAH. An Islamic bank must not determine the interval unilaterally in the contract or terms of business for a restricted PSIA without the IAH's express agreement. The maximum interval of 6 months applies regardless of the agreed interval.

(3) ~~(2)~~ An Islamic Bank must ensure that the periodic statement contains the following information as at the end of the period covered by the statement:

(a) the number, description and value of investments held by the PSIA;

(b) the amount of cash held by the PSIA;

(c) details of applicable charges (including any deductions of fees that an Islamic Bank is allowed to deduct from the profits of the PSIA) and the basis on which the charges are calculated;

(d) the total of any dividends and other benefits received by an Islamic Bank for the PSIA;

(e) the total amount, and particulars, of all investments transferred into or out of the PSIA;

(f) details of the performance of the IAH's investment;

(g) the allocation of profit between the owner and the IAH;

(h) any changes to the investment strategies that could affect the IAH's investment.

AFSA

AIFC ISLAMIC FINANCE RULES

1. GENERAL

(…)

1.12 Definition of Islamic Financial Contract

An Islamic Financial Contract is any contract designed to comply with Shari'ah. ~~An Islamic Financial Contract~~ It may include any of the following:

(i) *murabahah* and its variations;

(ii) *salam* and its variations;

(iii) *tawarruq* and its variations;

(iv) *istisna* and its variations;

(v) *ijarah* and its variations;

(vi) *musharakah* and its variations;

(vii) *mudarabah* and its variations;

(viii) *qard* and its variations;

(ix) *musawamah* and its variations;

(x) *wa'd* and its variations;

(xi) *wakalah* and its variations; and

(xii) ~~(ix)~~ any other Islamic Financial Contract that is approved to be so by the relevant Authorised Firm's SSB.

AIFC GLOSSARY

(…)

2. INTERPRETATION

(…)	(…)
Captive Insurance Business	~~the business of Effecting or Carrying out Contracts of Insurance only for the business or operations of the Group to which the Captive Insurer belongs.~~ Has the meaning given in PINS 14.1.2.
Captive Insurer	~~an Authorised Firm with a Licence to carry on Insurance Business only for the business or operations of the Group to which it belongs~~ Has the meaning given in PINS 14.1.1.
(…)	(…)
Client Investments Auditor's Report	The report specified in ~~COB 8.3.14~~ GEN 6.3.9.
(…)	(…)
Client Money Auditor's Report	The report specified in ~~COB 8.2.19~~ GEN 6.3.9.
(…)	(…)
Insurance Intermediary Audit Report	The report specified in ~~COB 11.8.15~~ GEN 6.3.9.
(…)	(…)
Islamic Financial Contract	Any contract designed to comply with Shari'ah.
Islamic Securities	Any Security Offered, or held out expressly or implicitly, as Islamic or Shari'ah compliant.
(…)	(…)
Sukuk	Certificates that represent a holder's proportionate ownership in an undivided part of an asset or pool of assets where the holder assumes all rights and obligations to the asset or pool.
(…)	(…)