

ENHANCEMENTS TO THE DERIVATIVES FRAMEWORK AT THE ASTANA INTERNATIONAL FINANCIAL CENTRE

ALUMNI Partners law firm highlights that amendments for improving the regulatory framework for Derivatives¹ operations at the Astana International Financial Centre (AIFC) have come into effect as of 1 January 2025².

The enhancements are based on the best international practices and feedback from market players. Key provisions of the new regulation include the following:

1 ESTABLISHMENT OF A CLEAR REGULATORY FRAMEWORK FOR DERIVATIVES

The amendments clarify the regulation of derivatives and introduce additional requirements, including:

- standards for derivatives traded on Authorised Market Institutions³ and Multilateral/Organised Trading Facilities⁴ (MTF/OTF)⁵;
- effective pricing, settlement and operations⁶;
- market conduct in accordance with AIFC Market Rules, including prohibitions on Market Manipulation and Market Sounding⁷.

2 STRENGTHENING CLIENT PROTECTION REQUIREMENTS

To boost client awareness of risks associated with Derivatives operations and limit potential losses, the following measures are established:

- all marketing materials and client communications must include information about high risks associated with derivatives operations⁸;
- a Key Features Document must reflect the nature, risks and main characteristics of derivatives. To ensure informed decision-making, this document must be provided to clients prior to transactions⁹;
- limits on Derivative operations volumes to mitigate risks¹⁰.

¹ A derivative is a financial instrument (option, future, or contract for differences) deriving their value from an underlying asset, index, rate or financial instrument.

² AIFC Market Rules, AIFC Rules No. FR0003 of 2017 (with amendments as of 15 December 2024 coming into effect on 1 January 2025) (hereinafter, the AIFC Companies Regulations); AIFC Authorised Market Institution Rules (AMI), AIFC Rules No. FR0002 of 2017 (with amendments as of 15 December 2024 coming into effect on 1 January 2025); AIFC Multilateral and Organised Trading Facilities Rules (MOTF), AIFC Rules No. 0054 of 2021 (with amendments as of 15 December 2024 coming into effect on 1 January 2025); AIFC Rules on Digital Asset Activities (DAA), AIFC Rules No. FR00062 of 2023 (with amendments as of 15 December 2024 coming into effect on 1 January 2025).

³ Authorised Market Institution means a Centre Participant licensed by the Astana Financial Services Authority to carry out one or more Market Activities.

⁴ Multilateral or Organised Trading Facility means an alternative trading venue facilitating exchange of financial instruments between multiple parties.

⁵ Clauses 2.5.2(e-1), 3.6.2 of the AIFC Authorised Market Institution Rules; Clause 5.2 (4-1) of the AIFC Multilateral and Organised Trading Facilities Rules.

⁶ Clause 5.2.2 of the AIFC Market Rules.

⁷ Clauses 5.4, 5.5 of the AIFC Market Rules.

⁸ Clause 3.3.5 of the AIFC Conduct of Business Rules (with amendments as of 15 December 2024 coming into effect on 1 January 2025).

⁹ Clause 4.7 of the AIFC Conduct of Business Rules.

¹⁰ Clause 5.7 of the AIFC Conduct of Business Rules.

3 REGULATION OF DIGITAL ASSET DERIVATIVES

To prevent regulatory arbitrage, Digital Asset Derivatives are subject to proportional regulation as per the Derivatives framework¹¹.

The aforementioned changes to the Derivative framework apply to both new and existing Authorised Persons¹² falling within the scope of this regime.

ALUMNI Partners legal updates provide a brief overview of new developments in law and law enforcement, and should not be viewed as a legal opinion or advice.

If you have any questions or comments in relation to this legal update, please contact us and we will be happy to discuss them.



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¹¹ Clauses 2.5.2(2), 3 of the AIFC Rules on Digital Asset Activities.

¹² Authorised Person means Either an Authorised Firm (a Centre Participant which has been licensed by the AFSA to carry on one or more Regulated Activities) or an Authorised Market Institution (a Centre Participant which has been licensed by the AFSA to carry on one or more Market Activities).